UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended October 3, 2021

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ______ to ______.

Commission File Number: **001-34841**

NXP Semiconductors N.V.

(Exact name of registrant as specified in its charter)

Netherlands	**98-1144352**
(State or other jurisdiction of incorporation or organization)	(I.R.S. employer identification number)
60 High Tech Campus	
Eindhoven	
Netherlands	**5656 AG**
(Address of principal executive offices)	(Zip code)

+31 40 2729999

(Registrant’s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common shares, EUR 0.20 par value	NXPI	The Nasdaq Global Select Market

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the Registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

As of October 29, 2021, there were 265,933,249 shares of our common stock, €0.20 par value per share, issued and outstanding.

NXP Semiconductors N.V.
Form 10-Q
For the Fiscal Quarter Ended October 3, 2021
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PART I — FINANCIAL INFORMATION

Item 1. Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

($ in millions, unless otherwise stated)

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Revenue	**2,861**	2,267	**8,024**	6,105
Cost of revenue	**(1,278)**	(1,177)	**(3,664)**	(3,158)
Gross profit	**1,583**	1,090	**4,360**	2,947
Research and development	**(492)**	(438)	**(1,429)**	(1,265)
Selling, general and administrative	**(243)**	(203)	**(699)**	(658)
Amortization of acquisition-related intangible assets	**(137)**	(418)	**(456)**	(1,179)
Total operating expenses	**(872)**	(1,059)	**(2,584)**	(3,102)
Other income (expense)	**—**	1	**—**	110
Operating income (loss)	**711**	32	**1,776**	(45)
Financial income (expense):				
Other financial income (expense)	**(93)**	(106)	**(280)**	(280)
Income (loss) before income taxes	**618**	(74)	**1,496**	(325)
Benefit (provision) for income taxes	**(95)**	57	**(200)**	88
Results relating to equity-accounted investees	**3**	(1)	**—**	(3)
Net income (loss)	**526**	(18)	**1,296**	(240)
Less: Net income (loss) attributable to non-controlling interests	**7**	4	**27**	17
Net income (loss) attributable to stockholders	**519**	(22)	**1,269**	(257)
Earnings per share data:				
Net income (loss) per common share attributable to stockholders in $				
Basic	**1.95**	(0.08)	**4.66**	(0.92)
Diluted	**1.91**	(0.08)	**4.57**	(0.92)
Weighted average number of shares of common stock outstanding during the period (in thousands):				
Basic	**266,557**	279,467	**272,314**	279,511
Diluted	**271,359**	279,467	**277,886**	279,511

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

($ in millions, unless otherwise stated)

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Net income (loss)	**526**	(18)	**1,296**	(240)
Other comprehensive income (loss), net of tax:				
Change in fair value cash flow hedges	**(2)**	4	**(16)**	5
Change in foreign currency translation adjustment	**(23)**	37	**(56)**	14
Change in net actuarial gain (loss)	**—**	(1)	**—**	(4)
Total other comprehensive income (loss)	**(25)**	40	**(72)**	15
Total comprehensive income (loss)	**501**	22	**1,224**	(225)
Less: Comprehensive income (loss) attributable to non-controlling interests	**7**	4	**27**	17
Total comprehensive income (loss) attributable to stockholders	**494**	18	**1,197**	(242)

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

($ in millions, unless otherwise stated)

	October 3, 2021	December 31, 2020
ASSETS		
Current assets:		
Cash and cash equivalents	**2,303**	2,275
Accounts receivable, net	**979**	765
Inventories, net	**1,173**	1,030
Other current assets	**266**	254
Total current assets	**4,721**	4,324
Non-current assets:		
Other non-current assets	**1,070**	1,013
Property, plant and equipment, net of accumulated depreciation of $4,565 and $4,237	**2,510**	2,284
Identified intangible assets, net of accumulated amortization of $7,441 and $7,007	**1,741**	2,242
Goodwill	**9,968**	9,984
Total non-current assets	**15,289**	15,523
Total assets	**20,010**	19,847
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	**1,140**	991
Restructuring liabilities-current	**30**	60
Other current liabilities	**1,269**	966
Short-term debt	**999**	—
Total current liabilities	**3,438**	2,017
Non-current liabilities:		
Long-term debt	**8,594**	7,609
Restructuring liabilities	**13**	14
Deferred tax liabilities	**84**	85
Other non-current liabilities	**909**	971
Total non-current liabilities	**9,600**	8,679
Total liabilities	**13,038**	10,696
Equity:		
Non-controlling interests	**234**	207
Stockholders’ equity:		
Common stock, par value €0.20 per share:	**59**	59
Capital in excess of par value	**14,392**	14,133
Treasury shares, at cost:		
23,179,725 shares (2020: 9,044,952 shares)	**(4,028)**	(1,037)
Accumulated other comprehensive income (loss)	**45**	117
Accumulated deficit	**(3,730)**	(4,328)
Total stockholders’ equity	**6,738**	8,944
Total equity	**6,972**	9,151
Total liabilities and equity	**20,010**	19,847

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($ in millions, unless otherwise stated)

	For the nine months ended	
	October 3, 2021	September 27, 2020
Cash flows from operating activities:		
Net income (loss)	**1,296**	(240)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	**952**	1,672
Share-based compensation	**265**	295
Amortization of discount (premium) on debt, net	**1**	(1)
Amortization of debt issuance costs	**5**	7
Net (gain) loss on sale of assets	**—**	(111)
(Gain) loss on equity security, net	**(2)**	—
Results relating to equity-accounted investees	**—**	3
Deferred tax expense (benefit)	**6**	(274)
Changes in operating assets and liabilities:		
(Increase) decrease in receivables and other current assets	**(214)**	(1)
(Increase) decrease in inventories	**(143)**	129
Increase (decrease) in accounts payable and other liabilities	**242**	(14)
Decrease (increase) in other non-current assets	**(106)**	(16)
Exchange differences	**(3)**	6
Other items	**(7)**	(2)
Net cash provided by (used for) operating activities	**2,292**	1,453
Cash flows from investing activities:		
Purchase of identified intangible assets	**(99)**	(95)
Capital expenditures on property, plant and equipment	**(501)**	(288)
Purchase of equipment leased to others	**(14)**	—
Insurance recoveries received for equipment damage	**7**	—
Proceeds from disposals of property, plant and equipment	**1**	3
Purchase of interests in businesses, net of cash acquired	**(17)**	(21)
Proceeds from sale of interests in businesses, net of cash divested	**—**	161
Purchase of investments	**(6)**	(15)
Proceeds from sale of investments	**8**	—
Proceeds from return of equity investment	**3**	—
Net cash provided by (used for) investing activities	**(618)**	(255)
Cash flows from financing activities:		
Proceeds from the issuance of long-term debt	**2,000**	2,000
Cash paid for debt issuance costs	**(22)**	(15)
Dividends paid to non-controlling interests	**—**	(34)
Dividends paid to common stockholders	**(412)**	(315)
Proceeds from issuance of common stock through stock plans	**60**	64
Purchase of treasury shares and restricted stock unit withholdings	**(3,265)**	(370)
Other, net	**(1)**	—
Net cash provided by (used for) financing activities	**(1,640)**	1,330
Effect of changes in exchange rates on cash positions	**(6)**	(7)
Increase (decrease) in cash and cash equivalents	**28**	2,521
Cash and cash equivalents at beginning of period	**2,275**	1,045
Cash and cash equivalents at end of period	**2,303**	3,566

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

($ in millions, unless otherwise stated)

Supplemental disclosures to the condensed consolidated cash flows		
Net cash paid during the period for:		
Interest	**216**	211
Income taxes, net of refunds	**250**	103
Net gain (loss) on sale of assets:		
Cash proceeds from the sale of assets	**—**	163
Book value of these assets	**—**	(52)
Non-cash investing activities:		
Non-cash capital expenditures	**224**	62

See accompanying notes to the Condensed Consolidated Financial Statements

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

($ in millions, unless otherwise stated)

	Outstanding number of shares (in thousands)	Common stock	Capital in excess of par value	Treasury shares at cost	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stock-holders' equity	Non-controlling interests	Total equity
Balance as of December 31, 2020	280,475	59	14,133	(1,037)	117	(4,328)	8,944	207	9,151
Net income (loss)						353	353	11	364
Other comprehensive income					(56)		(56)		(56)
Share-based compensation plans			91				91		91
Shares issued pursuant to stock awards	361			37		(6)	31		31
Treasury shares repurchased and retired	(5,087)			(905)			(905)		(905)
Dividends common stock ($0.5625 per share)						(155)	(155)		(155)
Balance as of April 4, 2021	**275,749**	**59**	**14,224**	**(1,905)**	**61**	**(4,136)**	**8,303**	**218**	**8,521**
Net income (loss)						397	397	9	406
Other comprehensive income					9		9		9
Share-based compensation plans			88				88		88
Shares issued pursuant to stock awards	64			6		(6)	—		—
Treasury shares and restricted stock unit withholdings	(6,103)			(1,203)			(1,203)		(1,203)
Dividends common stock ($0.5625 per share)						(152)	(152)		(152)
Balance as of July 4, 2021	**269,710**	**59**	**14,312**	**(3,102)**	**70**	**(3,897)**	**7,442**	**227**	**7,669**
Net income (loss)						519	519	7	526
Other comprehensive income					(25)		(25)		(25)
Share-based compensation plans			80				80		80
Shares issued pursuant to stock awards	2,430			231		(202)	29		29
Treasury shares and restricted stock unit withholdings	(5,800)			(1,157)			(1,157)		(1,157)
Dividends common stock ($0.5625 per share)						(150)	(150)		(150)
Balance as of October 3, 2021	**266,340**	**59**	**14,392**	**(4,028)**	**45**	**(3,730)**	**6,738**	**234**	**6,972**

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Unaudited)

($ in millions, unless otherwise stated)

	Outstanding number of shares (in thousands)	Common stock	Capital in excess of par value	Treasury shares at cost	Accumulated other comprehensive income (loss)	Accumulated deficit	Total stock-holders' equity	Non-controlling interests	Total equity
Balance as of December 31, 2019	281,437	64	15,184	(3,037)	75	(2,845)	9,441	214	9,655
Net income (loss)						(21)	(21)	8	(13)
Other comprehensive income					(61)		(61)		(61)
Share-based compensation plans			108				108		108
Shares issued pursuant to stock awards	497			47		(18)	29		29
Treasury shares repurchased and retired	(2,933)			(355)			(355)		(355)
Expiration of stock purchase warrants			(56)			56	—		—
Dividends common stock ($0.375 per share)						(105)	(105)		(105)
Balance as of March 29, 2020	279,001	64	15,236	(3,345)	14	(2,933)	9,036	222	9,258
Net income (loss)						(214)	(214)	5	(209)
Other comprehensive income					36		36		36
Share-based compensation plans			104				104		104
Shares issued pursuant to stock awards	252			23		(15)	8		8
Treasury shares and restricted stock unit withholdings	(40)			(3)			(3)		(3)
Expiration of stock purchase warrants			(112)			112	—		—
Dividends non-controlling interests								(34)	(34)
Dividends common stock ($0.375 per share)						(105)	(105)		(105)
Balance as of June 28, 2020	279,213	64	15,228	(3,325)	50	(3,155)	8,862	193	9,055
Net income (loss)						(22)	(22)	4	(18)
Other comprehensive income					40		40		40
Share-based compensation plans			86				86		86
Shares issued pursuant to stock awards	611			58		(31)	27		27
Treasury shares and restricted stock unit withholdings	(95)			(12)			(12)		(12)
Dividends common stock ($0.375 per share)						(105)	(105)		(105)
Balance as of September 27, 2020	279,729	64	15,314	(3,279)	90	(3,313)	8,876	197	9,073

See accompanying notes to the Condensed Consolidated Financial Statements

NXP SEMICONDUCTORS N.V.
NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
All amounts in millions of $ unless otherwise stated

1 Basis of Presentation and Overview

We prepared our interim condensed consolidated financial statements that accompany these notes in conformity with U.S. generally accepted accounting principles, consistent in all material respects with those applied in our Annual Report on Form 10-K for the year ended December 31, 2020.

We have made estimates and judgments affecting the amounts reported in our condensed consolidated financial statements and the accompanying notes. The actual results that we experience may differ materially from our estimates. The interim financial information is unaudited, but reflects all normal adjustments that are, in our opinion, necessary to provide a fair statement of results for the interim periods presented. This interim information should be read in conjunction with the consolidated financial statements in our Annual Report on Form 10-K for the year ended December 31, 2020.

On October 12, 2021, NXP announced that Bill Betz, formerly the Company’s Senior Vice President, Business Finance, had been named as Executive Vice President and Chief Financial Officer. Mr. Betz will succeed Peter Kelly who will provide advice and assistance to the Company's CEO and transition assistance and support to Mr. Betz through his previously announced retirement date.

2 Significant Accounting Policies and Recent Accounting Pronouncements

Significant Accounting Policies
Except for the changes below, no material changes have been made to the Company's significant accounting policies disclosed in Note 2 Significant Accounting Policies in our Annual Report, 10-K for the year ended December 31, 2020. The accounting policy information below is to aid in the understanding of the financial information disclosed.

Accounting standards recently adopted
In December 2019, the FASB issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes. ASU 2019-12 modifies ASC 740 to simplify the accounting for income taxes, removing certain exceptions to the general principles in ASC 740 and amending existing guidance to improve consistent application. ASU 2019-12 became effective for us on January 1, 2021. We have assessed our current positions and the interrelation to the amendments and the adoption of this update did not have a material impact on the Company's consolidated financial statements and related disclosures.

No other new accounting pronouncements were issued or became effective in the period that had, or are expected to have, a material impact on our Consolidated Financial Statements.

3 Acquisitions and Divestments

2021
On July 6, 2021, we acquired Retune DSP for a total consideration of $15.7 million, net of closing adjustments.

2020
There were no material acquisitions during the first nine months of 2020. On February 3, 2020, we completed the sale of the Company's Voice and Audio Solutions (VAS) assets, pursuant to the definitive agreement dated August 16, 2019 and which was previously classified as held for sale, with Shenzhen Goodix Technology Co., Ltd. ("Goodix") from China, for a net cash amount of $161 million inclusive of final working capital adjustments. This resulted in a gain of $110 million recorded in Other income (expense) on the Consolidated Statements of Operations.

4 Supplemental Financial Information

Statement of Operations Information:

Disaggregation of revenue

The following table presents revenue disaggregated by sales channel:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Distributors	**1,631**	1,243	**4,617**	3,286
Original Equipment Manufacturers and Electronic Manufacturing Services	**1,191**	983	**3,295**	2,695
Other	**39**	41	**112**	124
Total	**2,861**	2,267	**8,024**	6,105

Depreciation, amortization and impairment

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Depreciation of property, plant and equipment	**139**	139	**406**	408
Amortization of internal use software	**1**	1	**5**	4
Amortization of other identified intangible assets [1)]	**166**	449	**541**	1,260
Total - Depreciation, amortization and impairment	**306**	589	**952**	1,672

[1)] For the nine month period ending October 3, 2021, the amount includes an impairment charge as a result of the discontinuation of an IPR&D project for an amount of $36 million. For the three and nine month periods ending September 27, 2020, the amounts include an impairment relative to IPR&D acquired as part of the acquisition of Freescale for an amount of $36 million.

Other income (expense)

Income derived from manufacturing service arrangements (“MSA”) and transitional service arrangements (“TSA”) that are put in place when we divest a business or activity, is included in other income (expense). These arrangements are short-term in nature and are expected to decrease as the divested business or activity becomes more established.

The following table presents the split of other income (expense):

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Result from MSA and TSA arrangements	**1**	—	**(1)**	(1)
Other, net	**(1)**	1	**1**	111
Total - Other income (expense)	**—**	1	**—**	110

Financial income and expense

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Interest income	**1**	3	**3**	11
Interest expense	**(96)**	(100)	**(273)**	(276)
Total interest expense, net	**(95)**	(97)	**(270)**	(265)
Foreign exchange rate results	**3**	(5)	**3**	(6)
Miscellaneous financing costs/income and other, net	**(1)**	(4)	**(13)**	(9)
Total other financial income/ (expense)	**2**	(9)	**(10)**	(15)
Total - Financial income and expenses	**(93)**	(106)	**(280)**	(280)

Earnings per share

The computation of earnings per share (EPS) is presented in the following table:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Net income (loss)	**526**	(18)	**1,296**	(240)
Less: net income (loss) attributable to non-controlling interests	**7**	4	**27**	17
Net income (loss) attributable to stockholders	**519**	(22)	**1,269**	(257)
Weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	**266,557**	279,467	**272,314**	279,511
Plus incremental shares from assumed conversion of:				
Options [1)]	**378**	—	**397**	—
Restricted Share Units, Performance Share Units and Equity Rights [2)]	**4,424**	—	**5,175**	—
Dilutive potential common shares	**4,802**	—	**5,572**	—
Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	**271,359**	279,467	**277,886**	279,511
EPS attributable to stockholders in $:				
Basic net income (loss)	**1.95**	(0.08)	**4.66**	(0.92)
Diluted net income (loss)	**1.91**	(0.08)	**4.57**	(0.92)

There were no stock options to purchase shares of NXP's common stock that were outstanding in Q3 2021 and YTD 2021 (Q3 2020: 0.9 million shares; YTD 2020: 0.9 million shares) that were anti-dilutive and were not included in the computation of diluted EPS because the exercise price was greater than the average fair market value of the common stock or the number of shares assumed to be repurchased using the proceeds of unrecognized compensation expense and exercise prices was greater than the weighted average number of shares underlying outstanding stock options.

There were no unvested RSUs, PSUs and equity rights that were outstanding in Q3 2021 and YTD 2021 (Q3 2020: 7.4 million shares; YTD 2020: 7.4 million shares) that were anti-dilutive and were not included in the computation of diluted EPS because the number of shares assumed to be repurchased using the proceeds of unrecognized compensation expense was greater than the weighted average number of outstanding unvested RSUs, PSUs and equity rights or the performance goal has not been met yet.

Balance Sheet Information

Cash and cash equivalents

At October 3, 2021 and December 31, 2020, our cash balance was $2,303 million and $2,275 million, respectively, of which $217 million and $185 million was held by SSMC, our consolidated joint venture company with TSMC. Under the terms of our joint venture agreement with TSMC, a portion of this cash can be distributed by way of a dividend to us, but 38.8% of the dividend will be paid to our joint venture partner. During the first nine months of 2021, no dividend was declared by SSMC. In 2020, $90 million has been declared by SSMC, which was distributed in the third quarter of 2020, with 38.8% being paid to our joint venture partner.

Inventories

The portion of finished goods stored at customer locations under consignment amounted to $13 million as of October 3, 2021 (December 31, 2020: $31 million).

Inventories are summarized as follows:

	October 3, 2021	December 31, 2020
Raw materials	**96**	66
Work in process	**894**	786
Finished goods	**183**	178
	1,173	1,030

The amounts recorded above are net of allowance for obsolescence of $115 million as of October 3, 2021 (December 31, 2020: $122 million).

Equity Investments

At October 3, 2021 and December 31, 2020, the total carrying value of investments in equity securities is summarized as follows:

	October 3, 2021	December 31, 2020
Marketable equity securities	**21**	19
Non-marketable equity securities	**23**	40
Equity-accounted investments	**74**	61
	118	120

The total carrying value of investments in equity-accounted investees is summarized as follows:

	October 3, 2021		December 31, 2020	
	Shareholding %	Amount	Shareholding %	Amount
Wise Road Industry Investment Fund I, L.P.	**9.66 %**	**37**	10.17 %	29
Others	**—**	**37**	—	32
		74		61

Results related to equity-accounted investees at the end of each period were as follows:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Company's share in income (loss)	**4**	(1)	**1**	(3)
Other results	**(1)**	—	**(1)**	—
	3	(1)	**—**	(3)

Other current liabilities

Other current liabilities at October 3, 2021 and December 31, 2020 consisted of the following:

	October 3, 2021	December 31, 2020
Accrued compensation and benefits	**516**	286
Income taxes payable	**82**	140
Dividend payable	**150**	105
Other	**521**	435
	1,269	966

Accumulated other comprehensive income (loss)

Total comprehensive income (loss) represents net income (loss) plus the results of certain equity changes not reflected in the condensed consolidated statements of operations. The after-tax components of accumulated other comprehensive income (loss) and their corresponding changes are shown below:

	Currency translation differences	Change in fair value cash flow hedges	Net actuarial gain/(losses)	Accumulated Other Comprehensive Income (loss)
As of December 31, 2020	281	11	(175)	117
Other comprehensive income (loss) before reclassifications	**(56)**	**(13)**	**—**	**(69)**
Amounts reclassified out of accumulated other comprehensive income (loss)	**—**	**(9)**	**—**	**(9)**
Tax effects	**—**	**6**	**—**	**6**
Other comprehensive income (loss)	**(56)**	**(16)**	**—**	**(72)**
As of October 3, 2021	**225**	**(5)**	**(175)**	**45**

Cash dividends

The following dividends were declared during the first three quarters of 2021 and 2020 under NXP's quarterly dividend program:

	Fiscal year 2021		Fiscal year 2020	
	Dividend per share	Amount	Dividend per share	Amount
First quarter	**0.5625**	**155**	0.375	105
Second quarter	**0.5625**	**152**	0.375	105
Third quarter	**0.5625**	**150**	0.375	105
	1.6875	**457**	1.125	315

The dividend declared in the third quarter (not yet paid) is classified in the condensed consolidated balance sheet in other current liabilities as of October 3, 2021 and was subsequently paid on October 6, 2021.

5 Restructuring

At each reporting date, we evaluate our restructuring liabilities, which consist primarily of termination benefits, to ensure that our accruals are still appropriate.

The following table presents the changes in restructuring liabilities in 2021:

	As of January 1, 2021	Additions	Utilized	Released	Other changes	As of October 3, 2021
Restructuring liabilities	**74**	**1**	**(32)**	**—**	**—**	**43**

The restructuring charges consist of personnel lay-off costs of $1 million restructuring costs incurred for the nine month period ended October 3, 2021 (September 27, 2020: $40 million).

These restructuring charges recorded in operating income, for the periods indicated, are included in the following line items in the statement of operations:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Cost of revenue	**—**	12	**—**	15
Research and development	**—**	7	**1**	17
Selling, general and administrative	**—**	2	**—**	8
Net restructuring charges	**—**	21	**1**	40

6 Income Taxes

Benefit/provision for income taxes:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Tax expense (benefit)	**95**	(57)	**200**	(88)
Effective tax rate	**15.4 %**	77.0 %	**13.4 %**	27.1 %

Our provision for income taxes for the first nine months of 2021 was $200 million (13.4% effective tax rate) compared to a benefit from income taxes of ($88 million) (27.1% effective tax rate) for the first nine months of 2020. The increase in the income tax expense was due to higher income before income taxes, offset by the net change in the valuation allowance between the two periods and an increase in tax incentives (both as a result of the improved operational performance of the company).

The Company benefits from income tax incentives in certain jurisdictions which provide that we pay reduced income taxes in those jurisdictions for a fixed period of time that varies depending on the jurisdiction. The predominant income tax holiday is expected to expire at the end of 2026. The impact of this tax holiday decreased foreign income taxes for the third quarter of 2021 by $3 million and decreased by $2 million for the third quarter 2020 (YTD 2021: a decrease of $10 million and YTD 2020: a decrease of $7 million). The benefit of this tax holiday on net income per share (diluted) was $0.01 for the third quarter of 2021 (YTD 2021: $0.04) and $0.01 for the third quarter of 2020 (YTD 2020: $0.03).

7 Identified Intangible Assets

Identified intangible assets as of October 3, 2021 and December 31, 2020, respectively, were composed of the following:

	October 3, 2021		December 31, 2020	
	Gross carrying amount	Accumulated amortization	Gross carrying amount	Accumulated amortization
In-process R&D (IPR&D) [1)]	**111**	**—**	147	—
Marketing-related	**81**	**(81)**	81	(81)
Customer-related	**910**	**(371)**	957	(381)
Technology-based	**8,080**	**(6,989)**	8,064	(6,545)
Identified intangible assets	**9,182**	**(7,441)**	9,249	(7,007)

(1) IPR&D is not subject to amortization until completion or abandonment of the associated research and development effort.

The estimated amortization expense for these identified intangible assets for each of the five succeeding years is:

2021 (remaining)	166
2022	579
2023	343
2024	156
2025	102
Thereafter	395

All intangible assets, excluding IPR&D and goodwill, are subject to amortization and have no assumed residual value.

The expected weighted average remaining life of identified intangibles is 4 years as of October 3, 2021 (December 31, 2020: 4 years).

8 Debt

The following table summarizes the outstanding debt as of October 3, 2021 and December 31, 2020:

		October 3, 2021		December 31, 2020	
	Maturities	Amount	Effective rate	Amount	Effective rate
Fixed-rate 3.875% senior unsecured notes	Sep, 2022	**1,000**	**3.875**	1,000	3.875
Fixed-rate 4.625% senior unsecured notes	Jun, 2023	**900**	**4.625**	900	4.625
Fixed-rate 4.875% senior unsecured notes	Mar, 2024	**1,000**	**4.875**	1,000	4.875
Fixed-rate 2.7% senior unsecured notes	May, 2025	**500**	**2.700**	500	2.700
Fixed-rate 5.35% senior unsecured notes	Mar, 2026	**500**	**5.350**	500	5.350
Fixed-rate 3.875% senior unsecured notes	Jun, 2026	**750**	**3.875**	750	3.875
Fixed-rate 3.15% senior unsecured notes	May, 2027	**500**	**3.150**	500	3.150
Fixed-rate 5.55% senior unsecured notes	Dec, 2028	**500**	**5.550**	500	5.550
Fixed-rate 4.3% senior unsecured notes	Jun, 2029	**1,000**	**4.300**	1,000	4.300
Fixed-rate 3.4% senior unsecured notes	May, 2030	**1,000**	**3.400**	1,000	3.400
Fixed-rate 2.5% senior unsecured notes	May, 2031	**1,000**	**2.500**	—	—
Fixed-rate 3.25% senior unsecured notes	May, 2041	**1,000**	**3.250**	—	—
Floating-rate revolving credit facility (RCF)	Jun, 2024	**—**	**—**	—	—
Total principal		**9,650**		7,650	
Unamortized discounts, premiums and debt issuance costs		**(57)**		(41)	
Total debt, including unamortized discounts, premiums, debt issuance costs and fair value adjustments		**9,593**		7,609	
Current portion of long-term debt		**999**		—	
Long-term debt		**8,594**		7,609	

9 Related-Party Transactions

The Company's related parties are the members of the board of directors of NXP Semiconductors N.V., the members of the management team of NXP Semiconductors N.V. and equity-accounted investees.

The following table presents the amounts related to revenue and other income and purchase of goods and services incurred in transactions with these related parties:

	For the three months ended		For the nine months ended	
	October 3, 2021	September 27, 2020	**October 3, 2021**	September 27, 2020
Revenue and other income	**2**	16	**6**	52
Purchase of goods and services	**1**	9	**3**	35

The following table presents the amounts related to receivable and payable balances with these related parties:

	October 3, 2021	December 31, 2020
Receivables	**2**	3
Payables	**3**	7

10 Fair Value Measurements

The following table summarizes the estimated fair value of our financial instruments which are measured at fair value on a recurring basis:

		Estimated fair value	
	Fair value hierarchy	**October 3, 2021**	December 31, 2020
Assets:			
Money market funds	1	**1,520**	1,469
Marketable equity securities	1	**21**	19
Derivative instruments-assets	2	**1**	18
Liabilities:			
Derivative instruments-liabilities	2	**(13)**	—

The following methods and assumptions were used to estimate the fair value of financial instruments:

Assets and liabilities measured at fair value on a recurring basis
Investments in money market funds (as part of our cash and cash equivalents) and marketable equity securities (as part of other non-current assets) have fair value measurements which are all based on quoted prices in active markets for identical assets or liabilities. For derivatives (as part of other current assets or accrued liabilities) the fair value is based upon significant other observable inputs depending on the nature of the derivative.

Assets and liabilities recorded at fair value on a non-recurring basis
We measure and record our non-marketable equity securities, equity method investments and non-financial assets, such as intangible assets and property, plant and equipment, at fair value when an impairment charge is required.

Assets and liabilities not recorded at fair value on a recurring basis
Financial instruments not recorded at fair value on a recurring basis include non-marketable equity securities and equity method investments that have not been remeasured or impaired in the current period and debt.

As of October 3, 2021, the estimated fair value of debt, including the current portion, was $10.4 billion ($8.6 billion as of December 31, 2020). The fair value is estimated on the basis of broker-dealer quotes, which are Level 2 inputs. Accrued interest is included under accrued liabilities and not within the carrying amount or estimated fair value of debt.

11 Commitments and Contingencies

Purchase Commitments
The Company maintains purchase commitments with certain suppliers, primarily for raw materials, semi-finished goods and manufacturing services and for some non-production items. Purchase commitments for inventory materials are generally restricted to a forecasted time-horizon as mutually agreed upon between the parties. This forecasted time-horizon can vary for different suppliers. As of October 3, 2021, the Company had purchase commitments of $4,364 million, which are due through 2044. Our long-term obligations increased substantially year to date as we locked in long-term supply with our key manufacturing partners.

Litigation

We are regularly involved as plaintiffs or defendants in claims and litigation relating to a variety of matters such as contractual disputes, personal injury claims, employee grievances and intellectual property litigation. In addition, our acquisitions, divestments and financial transactions sometimes result in, or are followed by, claims or litigation. Some of these claims may possibly be recovered from insurance reimbursements. Although the ultimate disposition of asserted claims cannot be predicted with certainty, it is our belief that the outcome of any such claims, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position. However, such outcomes may be material to our condensed consolidated statement of operations for a particular period. The Company records an accrual for any claim that arises whenever it considers that it is probable that it is exposed to a loss contingency and the amount of the loss contingency can be reasonably estimated. The Company does not record a gain contingency until the period in which all contingencies are resolved and the gain is realized or realizable. Legal fees are expensed when incurred.

Based on the most current information available to it and based on its best estimate, the Company also reevaluates at least on a quarterly basis the claims that have arisen to determine whether any new accruals need to be made or whether any accruals made need to be adjusted. Based on the procedures described above, the Company has an aggregate amount of $20 million accrued for potential and current legal proceedings pending as of October 3, 2021, compared to $17 million accrued at December 31, 2020. The accruals are included in “Other current liabilities” and “Other non-current liabilities”. As of October 3, 2021, the Company’s related balance of insurance reimbursements was $8 million (December 31, 2020: $8 million) and is included in “Other current assets” and “Other non-current assets”.

The Company also estimates the aggregate range of reasonably possible losses in excess of the amount accrued based on currently available information for those cases for which such estimate can be made. The estimated aggregate range requires significant judgment, given the varying stages of the proceedings (including the fact that many of them are currently in preliminary stages), the existence of multiple defendants (including the Company) in such claims whose share of liability has yet to be determined, the numerous yet-unresolved issues in many of the claims, and the attendant uncertainty of the various potential outcomes of such claims. Accordingly, the Company’s estimate will change from time to time, and actual losses may be more than the current estimate. As at October 3, 2021, the Company believes that for all litigation pending its potential aggregate exposure to loss in excess of the amount accrued (without reduction for any amounts that may possibly be recovered under insurance programs) could range between $0 and $20 million. Based upon our past experience with these matters, the Company would expect to receive insurance reimbursement on certain of these claims that would offset the potential maximum exposure of up to $15 million.

In addition, the Company is currently assisting Motorola in the defense of personal injury lawsuits due to indemnity obligations included in the agreement that separated Freescale from Motorola in 2004. The multi-plaintiff Motorola lawsuits are pending in Cook County, Illinois. These claims allege a link between working in semiconductor manufacturing clean room facilities and birth defects in 18 individuals. The Motorola suits allege exposures between 1981 and 2005. Each claim seeks an unspecified amount of damages for the alleged injuries; however, legal counsel representing the plaintiffs has indicated they will seek substantial compensatory and punitive damages from Motorola for the entire inventory of claims which, if proven and recovered, the Company considers to be material. In the Motorola suits, a portion of any indemnity due to Motorola will be reimbursed to NXP if Motorola receives an indemnification payment from its insurance coverage. Motorola has potential insurance coverage for many of the years indicated above, but with differing types and levels of coverage, self-insurance retention amounts and deductibles. We are in discussions with Motorola and their insurers regarding the availability of applicable insurance coverage for each of the individual cases. Motorola and NXP have denied liability for these alleged injuries based on numerous defenses.

Loss recovery

In February 2021, NXP’s two wafer manufacturing facilities in Austin, Texas were negatively impacted by unusually severe winter weather conditions that corresponded with a widespread disruption of gas, electricity, and water. The Company has insurance coverage for the repair or replacement of assets that suffered damage or loss and business interruption coverage, including lost profits, and the reimbursement of other expenses and costs that have been incurred relating to the damages and losses suffered.

For the three months ended October 3, 2021, the Company recognized $59 million in insurance proceeds directly offsetting the loss from operations that were incurred in the period. The Company continues to work closely with its insurance carriers and claims adjusters to ascertain the full amount of insurance recoveries due as a result of the damage and loss.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

This interim Management’s Discussion and Analysis ("MD&A") should be read in conjunction with our consolidated financial statements and notes and the MD&A in our Annual Report on Form 10-K for the year ended December 31, 2020. This discussion contains forward-looking statements that involve a number of risks and uncertainties, including any statements that refer to projections of our future financial performance, our anticipated growth and trends in our businesses, uncertain events or assumptions, and other characterizations of future events or circumstances, including our response to the current global pandemic and the potential impact the pandemic will have on our operations, liquidity, customers, facilities and supply chain. Such statements are based on our current expectations and could be affected by the uncertainties and risk factors described throughout this filing, and in “Risk Factors” in Part I, Item 1A of our Annual Report on Form 10-K. Our actual results may differ materially from those contained in any forward-looking statements. We undertake no obligation to update any forward-looking statement to reflect subsequent events or circumstances.

Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flows. MD&A is organized as follows:

- *Overview* - Overall analysis of financial and other highlights to provide context for the MD&A
- *Results of Operations* - An analysis of our financial results
- *Liquidity and Capital Resources* - An analysis of changes in our balance sheets and cash flows
- *Contractual Obligations* - An update on contractual obligations as of December 31, 2020
- *Off-balance Sheet Arrangements* - An update on off-balance sheet arrangements as of December 31, 2020

Overview

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Revenue	**2,861**	2,267	**8,024**	6,105
Gross profit	**1,583**	1,090	**4,360**	2,947
Operating income (loss)	**711**	32	**1,776**	(45)
Cash flow from operating activities	**924**	527	**2,292**	1,453
Total debt	**9,593**	9,356	**9,593**	9,356
Net debt	**7,290**	5,790	**7,290**	5,790
Diluted weighted average number of shares outstanding	**271,359**	279,467	**277,886**	279,511
Diluted net income per share	**1.91**	(0.08)	**4.57**	(0.92)
Dividends per common share	**0.5625**	0.375	**1.6875**	1.125

Q3 2021 compared to Q3 2020

Revenue for the three months ended October 3, 2021 was $2,861 million compared to $2,267 million for the three months ended September 27, 2020, an increase of $594 million or an increase of 26.2% year-on-year. Revenue in the third quarter of 2021 represented a historical record for NXP, which is consistent with the trend seen in the second quarter of 2021. The continued strong revenue growth is primarily due to industry-wide growth in our end-markets as they continue to rebound from the initial shock and widespread market disruption caused by the emergence of the COVID-19 pandemic in the first half of 2020. Growth within the automotive end-market was driven by increased demand across our entire automotive portfolio from our distribution partners and demand from automotive customers to support the secular shift of electrification, advanced driver safety and assistance, and driver connectivity systems. This growth in the automotive end-market and strong demand in the Industrial & IoT end-market helped to drive the increased year-on-year performance.

Our gross profit percentage for the third quarter of 2021 increased from 48.1% in the third quarter of 2020 to 55.3%, primarily from the continued significant acceleration of revenue in the third quarter of 2021 compared to the same period in 2020, which led to improved loading, cost reductions and efficiencies, partly offset by higher personnel-related costs.

We continue to generate strong operating cash flows, with $924 million in cash flows from operations for the third quarter of 2021. We returned $1,309 million to our shareholders during the third quarter of 2021. Our cash position at the end of the third quarter of 2021 was $2,303 million. On August 26, 2021, the NXP Board of Directors approved a cash dividend of $0.5625 per common share for the third quarter of 2021.

YTD 2021 compared to YTD 2020

Revenue for the nine months ended October 3, 2021 was $8,024 million compared to $6,105 million for the nine months ended September 27, 2020, an increase of $1,919 million or an increase of 31.4%. Revenue in the first nine months of 2021 represented a historical record for NXP. The YTD 2021 growth compared to YTD 2020 was a result of the industry-wide growth after the initial shock and widespread disruption caused by the emergence of the COVID-19 pandemic, combined with company specific content growth in the automotive end-market as the automotive customers focus on secular shift due electrification, advanced driver safety and assistance, and driver connectivity. Additionally, strong performance in the Industrial & IoT and Mobile end-markets helped to underpin the year-on-year performance. The rebound in NXP’s revenue growth began to clearly emerge at the end of the calendar third quarter of 2020, and has continued to accelerate through the third quarter of 2021.

Our gross profit percentage for the nine months ended October 3, 2021 increased from 48.3% for the nine months ended September 27, 2020 to 54.3%, primarily from the significant acceleration of revenue in 2021 after the Covid crisis, and as such, improved loading and manufacturing efficiencies offset by higher personnel-related cost and a less favorable product mix.

Cash flow from operations for the first nine months of 2021 was $2,292 million. Total shareholder return for the first nine months of 2021 was $3,677 million. Our cash position remains solid, with the net proceeds of the $2 billion in Q2 2021 issued debt adding to our cash and cash equivalents.

Results of operations

The following table presents operating income for each of the three and nine month periods ended October 3, 2021 and September 27, 2020, respectively:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Revenue	**2,861**	2,267	**8,024**	6,105
% nominal growth	**26.2**	0.1	**31.4**	(7.2)
Gross profit	**1,583**	1,090	**4,360**	2,947
Research and development	**(492)**	(438)	**(1,429)**	(1,265)
Selling, general and administrative	**(243)**	(203)	**(699)**	(658)
Amortization of acquisition-related intangible assets	**(137)**	(418)	**(456)**	(1,179)
Other income (expense)	**—**	1	**—**	110
Operating income (loss)	**711**	32	**1,776**	(45)

Revenue

Q3 2021 compared to Q3 2020

Revenue for the three months ended October 3, 2021 was $2,861 million compared to $2,267 million for the three months ended September 27, 2020, an increase of $594 million or an increase of 26.2% year-on-year. Revenue in the third quarter of 2021 represented a historical record for NXP. The continued strong revenue growth was a result of industry-wide growth as NXP began to recover in the year ago period from the challenging economic environment as a result of the COVID-19 pandemic. Growth within the automotive end-market was driven by increased demand across our entire automotive portfolio from our distribution partners and demand from automotive customers to support the secular shift of electrification, advanced driver safety and assistance, and driver connectivity systems. This growth in the automotive end-market and strong demand in the Industrial & IoT market helped to drive the increased year-on-year performance.

By end-market; revenue within Automotive was $1,455 million, an increase of 50.9% versus the year ago period. Within Industrial & IoT, revenue was $607 million, an increase of 18.1% versus the third quarter of 2020. In Mobile, revenue was $345 million, an increase of 2.4% versus the year ago period, and within Communications Infrastructure & Other, revenue was $454 million, an increase of 0.4% versus the year ago period. When aggregating all end-markets together, and reviewing sales channel performance, business transacted through NXP's third party distribution partners, which primarily services the long-tail, mass market, was $1,631 million, an increase of 31.2%. Sales to NXP's direct OEM and EMS customers was $1,191 million, an increase of 21.2% versus the third quarter of 2020. Revenue increased across all regions.

YTD 2021 compared to YTD 2020

Revenue for the nine months ended October 3, 2021 was $8,024 million compared to $6,105 million for the nine months ended September 27, 2020, an increase of $1,919 million or an increase of 31.4%. Revenue in the first nine months of 2021 represented a historical record for NXP. The YTD 2021 growth compared to YTD 2020 was a result of the industry-wide growth from the continued demand in a supply constrained economic environment in 2021, while 2020 was negatively impacted by the challenging economic environment as a result of the COVID-19 pandemic. This combined with company specific content growth in the automotive end-market as the automotive customers focus on secular shift due electrification, advanced driver safety and assistance, and driver connectivity, and strong demand in the Industrial & IoT and Mobile markets helped to drive the growth in the year to date performance. The rebound in NXP’s revenue growth began to clearly emerge at the end of the calendar third quarter of 2020, and has continued to accelerate through the third quarter of 2021. Revenue increased in all regions.

Revenue by end-market was as follows:

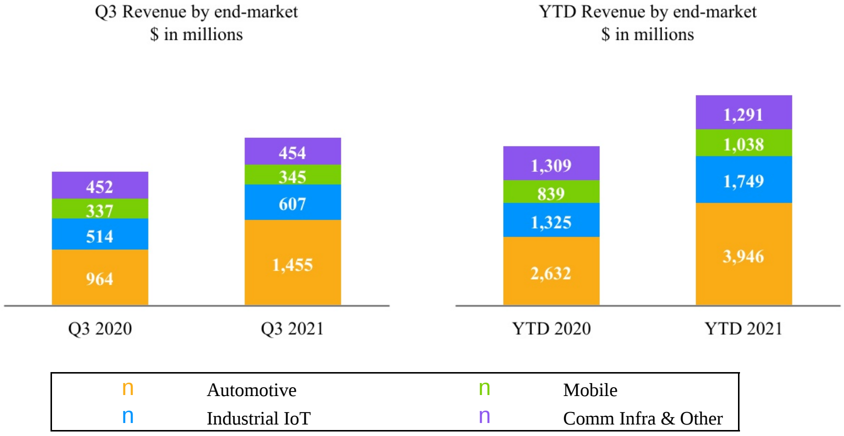
($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	Change	**YTD 2021**	YTD 2020	Change
Automotive	**1,455**	964	50.9 %	**3,946**	2,632	49.9 %
Industrial & IoT	**607**	514	18.1 %	**1,749**	1,325	32.0 %
Mobile	**345**	337	2.4 %	**1,038**	839	23.7 %
Communication Infrastructure & Other	**454**	452	0.4 %	**1,291**	1,309	(1.4)%
Revenue	**2,861**	2,267	26.2 %	**8,024**	6,105	31.4 %

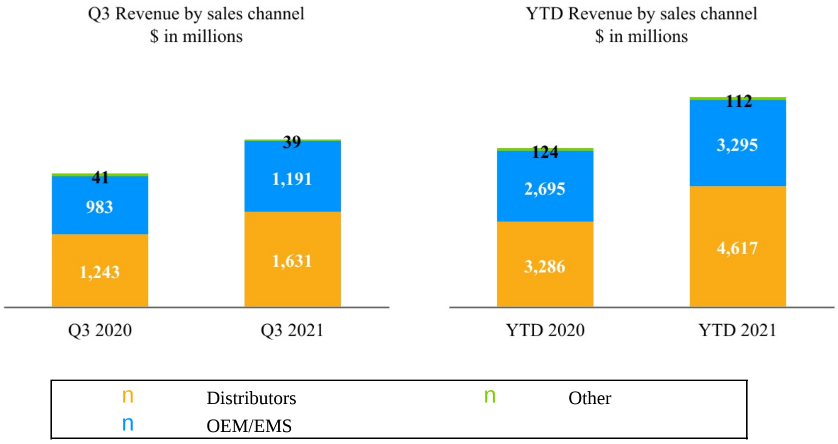
Revenue by sales channel was as follows:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	Change	**YTD 2021**	YTD 2020	Change
Distributors	**1,631**	1,243	31.2 %	**4,617**	3,286	40.5 %
OEM/EMS	**1,191**	983	21.2 %	**3,295**	2,695	22.3 %
Other	**39**	41	(4.9)%	**112**	124	(9.7)%
Revenue	**2,861**	2,267	26.2 %	**8,024**	6,105	31.4 %

Revenue by geographic region, which is based on the customer's shipped-to location was as follows:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	Change	**YTD 2021**	YTD 2020	Change
Greater China and Asia Pacific	**1,653**	1,404	17.7 %	**4,638**	3,637	27.5 %
EMEA (Europe, the Middle East and Africa)	**536**	383	39.9 %	**1,464**	1,089	34.4 %
Americas	**346**	264	31.1 %	**1,003**	685	46.4 %
Japan	**210**	142	47.9 %	**587**	458	28.2 %
South Korea	**116**	74	56.8 %	**332**	236	40.7 %
Revenue	**2,861**	2,267	26.2 %	**8,024**	6,105	31.4 %





Q3 2021 compared to Q3 2020

Revenue for the three months ended October 3, 2021 was $2,861 million compared to $2,267 million for the three months ended September 27, 2020, an increase of $594 million or an increase of 26.2% year-on-year. The increase within the third quarter is attributed to the continued recovery from the Covid pandemic in the same period a year ago and strengthening demand, across NXP's Automotive, Industrial IoT, and Mobile end-markets, while the demand in the Communications Infrastructure & Other end-market stayed flat.

NXP's revenue to distributors and direct OEM and EMS customers was $1,631 million and $1,191 million, respectively, representing increases of 31.2% and 21.2% versus the third quarter of 2020. Revenue increased across all regions.

Revenue from the Automotive end-market was $1,455 million, an increase of $491 million or 50.9% year-on-year. Within Automotive, customers are focused on the key functional pillars of safety, electrification and improved driver comfort to accelerate competitive differentiation. These broad functional areas are fundamentally enabled by the secular adoption of new and increased levels of semiconductor content, which is layered on top of a strong base of existing electronic content in modern automobiles. Furthermore, the increase in Automotive revenue during the third quarter of 2021 can be partially attributed to the ongoing recovery from the impacts of the COVID-19 pandemic, which began to rebound in the third quarter of 2020.

Revenue from the Industrial & IoT end-market was $607 million, an increase of $93 million or 18.1% year-on-year. The Industrial & IoT market is driven by the secular trend of multi-market OEMs seeking to enable secure, connected, high performance processing solutions at the edge of the network, whether it is in factory automation, smart building/smart home or the exploding plethora of connected IoT devices. The innovation in this market is being driven by thousands of relatively smaller customers, which NXP effectively services through its extended global distribution channel. During the third quarter of 2021, the year-on-year increase was driven by the continued growth in demand of NXP's high performance industrial application processors, hybrid multi-core crossover processors, and low-power embedded microcontrollers, in addition to strong demand for the company's analog high-speed interface devices and system security solutions.

Revenue from the Mobile end-market was $345 million with an increase of $8 million or 2.4% year-on-year. The year-on-year increase was driven by the continued strong adoption of secure mobile wallet solutions and the increased demand for embedded power solutions, which were offset by declines in our semi-custom secure interfaces sold to a premium handset customer. Our mobile customers are primarily serviced through our global distribution channels.

Revenue in the Communication Infrastructure and Other end-market was $454 million, an increase of $2 million or 0.4% year-on-year. The Communication Infrastructure and Other end-market is an amalgamation of three separate product portfolios, which service multiple markets, including cellular base stations; the network edge equipment, and the secure access, transit and government sponsored identification market. The increased demand for our secure identification, tagging, and access products, as well as access point connectivity solutions outweighed the year-on-year decline in demand for multi-core processors within the mass market for network edge solutions, as well as reduced revenue for smart RF antenna solutions within our cellular base station portfolio.

YTD 2021 compared to YTD 2020

Revenue for the nine months ended October 3, 2021 was $8,024 million compared to $6,105 for the nine months ended September 27, 2020, an increase of $1,919 million or an increase of 31.4%. The revenue level in the first nine months of 2021 represented a historical record for NXP. The YTD 2021 growth compared to YTD 2020 was a result of the industry-wide growth resulting from the continued demand in a supply constraint driven economic environment in 2021, while 2020 was negatively impacted by the challenging economic environment as a result of the COVID-19 pandemic. This combined with company specific content growth in the automotive end-market as the automotive customers focus on secular shift due electrification, advanced driver safety and assistance, and driver connectivity, and strong demand in the Industrial & IoT and Mobile markets helped to drive the growth in the year-to-date performance, while Communications Infrastructure & Other remained flat. The rebound in NXP's revenue growth began to clearly emerge at the end of the calendar third quarter of 2020 and has continued to accelerate through the third quarter of 2021.

NXP's revenue to distributors and direct OEM and EMS customers was $4,617 million and $3,295 million, respectively, representing increases of 40.5% and 22.3% versus nine months ended of 2020. Revenue increased across all regions.

Revenue from the Automotive end-market was $3,946 million, an increase of $1,314 million or 49.9% from $2,632 million for the nine months ended September 27, 2020. The increase was due to increases across the entire automotive end-market product portfolio. From a channel perspective, the year-to-date increase was due to increased demand from the Company's distribution partners and direct automotive customers.

Revenue from the Industrial & IoT end-market was $1,749 million for the nine months ended October 3, 2021, an increase of $424 million or 32.0%. The year-to-date- increase comparable to the nine months ended a year ago was driven by the continued strong adoption of NXP's high performance industrial application processors, hybrid multi-core crossover processors, and low-power embedded microcontrollers, and analog high-speed interface devices and system security solutions.

Revenue from the Mobile end-market, revenue was $1,038 million for the nine months ended October 3, 2021, an increase of $199 million or 23.7%. The YTD 2021 increase compared to the YTD 2020 was driven primarily by the continued adoption of secure mobile wallet solutions, and to a lesser degree increased demand for embedded mobile power solutions. The year-to-date increase comparison was modestly offset by the divestment of the Voice and Audio Solutions, which closed early in the first quarter of 2020. Our mobile customers are primarily serviced through our global distribution channels.

Revenue in the Communication Infrastructure and Other end-market was $1,291 million for the nine months ended October 3, 2021, declined $18 million or 1.4% year-to-date. The YTD 2021 decline compared to the YTD 2020 was due to a combination of reduced demand for multi-core processors within the mass market for network edge solutions, as well as reduced revenue for smart antenna solutions. This was offset by increased demand for our secure identification, tagging, and access products, as well as access point connectivity solutions.

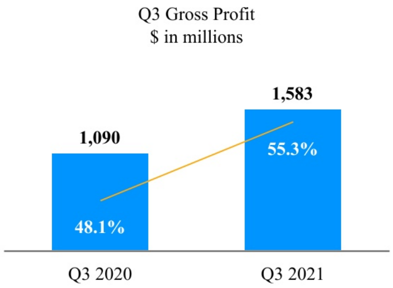
Gross profit

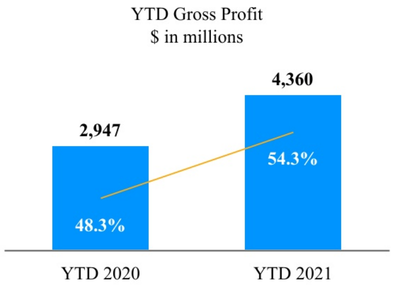
Q3 2021 compared to Q3 2020

Gross profit for the three months ended October 3, 2021 was $1,583 million, or 55.3% of revenue, compared to $1,090 million, or 48.1% of revenue for the three months ended September 27, 2020. The increase of $493 million was driven by higher revenue as a result of accelerating demand and as such, improved loading and manufacturing efficiencies, partly offset by higher personnel-related costs, including variable compensation cost.

YTD 2021 compared to YTD 2020

Gross profit for the nine months ended October 3, 2021 was $4,360 million, or 54.3% of revenue, compared to $2,947 million, or 48.3% of revenue for the nine months ended September 27, 2020. The increase of $1,413 million was primarily driven by the significant higher revenue in the first nine months of 2021 compared to the first nine months of 2020 which is the result of accelerating demand and as such, improved loading and manufacturing efficiencies offset by higher personnel-related cost, including variable compensation cost, and a less favorable product mix.





Operating expenses

Q3 2021 compared to Q3 2020

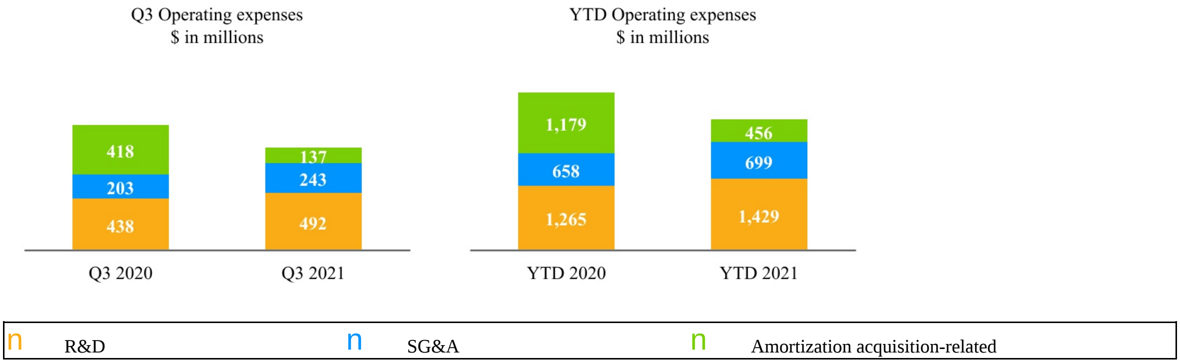
Operating expenses for the three months ended October 3, 2021 totaled $872 million, or 30.5% of revenue, compared to $1,059 million, or 46.7% of revenue, for the three months ended September 27, 2020.

YTD 2021 compared to YTD 2020

Operating expenses for the nine months ended October 3, 2021 totaled $2,584 million, or 32.2% of revenue, compared to $3,102 million, or 50.8% of revenue, for the nine months ended September 27, 2020.

The following table below presents the composition of operating expenses by line item in the statement of operations:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Research and development	**492**	438	**1,429**	1,265
Selling, general and administrative	**243**	203	**699**	658
Amortization of acquisition-related intangible assets	**137**	418	**456**	1,179
Total operating expenses	**872**	1,059	**2,584**	3,102



Q3 2021 compared to Q3 2020

The decrease in operating expenses was a result of the following items:

Research and development (R&D) costs primarily consist of engineer salaries and wages (including share based compensation and other variable compensation), engineering related costs (including outside services, fixed-asset, IP and other licenses related costs), shared service center costs and other pre-production related expenses. R&D costs for the three months ended October 3, 2021 increased by $54 million, or 12.3%, when compared to the three months ended September 27, 2020 driven by:

+ higher personnel-related costs, including variable compensation costs; and

- lower restructuring costs.

Selling, general and administrative (SG&A) costs primarily consist of personnel salaries and wages (including share based compensation and other variable compensation), communication and IT related costs, fixed-asset related costs and sales and marketing costs (including travel expenses). SG&A costs for the three months ended October 3, 2021 increased by $40 million, or 19.7%, when compared to the three months ended September 27, 2020 mainly due to:

+ higher personnel-related costs, including variable compensation costs.

Amortization of acquisition-related intangible assets decreased by $281 million, or 67.2%, when compared to the three months ended September 27, 2020 driven by:

- certain intangibles became fully amortized during 2020.

YTD 2021 compared to YTD 2020

The decrease in operating expenses was a result of the following items:

Research and development (R&D) costs primarily consist of engineer salaries and wages (including share based compensation and other variable compensation), engineering related costs (including outside services, fixed-asset, IP and other licenses related costs), shared service center costs and other pre-production related expenses. R&D costs for the nine months ended October 3, 2021 increased by $164 million, or 13.0%, when compared to the nine months ended September 27, 2020 driven by:

+ higher personnel-related costs, including variable compensation costs;

- higher subsidies, offsetting research and development costs; and

- lower restructuring costs.

Selling, general and administrative (SG&A) costs primarily consist of personnel salaries and wages (including share based compensation and other variable compensation), communication and IT related costs, fixed-asset related costs and sales and marketing costs (including travel expenses). SG&A costs for the nine months ended October 3, 2021 increased with $41 million, or 6.2%, when compared to the nine months ended September 27, 2020 mainly due to:

+ higher personnel-related costs, including variable compensation costs; and

- lower share-based compensation expenses as a result of the CEO transition in 2020.

Amortization of acquisition-related intangible assets decreased by $723 million, or 61.3%, when compared to the nine months ended September 27, 2020 driven by:

- certain intangibles became fully amortized during 2020.

Other income (expense)

Income and expenses derived from manufacturing service arrangements ("MSA") and transitional service arrangements ("TSA") that are put into place when we divest a business or activity, are included in other income (expense). These arrangements are short-term in nature and are expected to decrease as the divested business or activity becomes more established.

The following table presents the split of other income (expense) for each of the three and nine month periods ended October 3, 2021 and September 27, 2020:

($ in millions)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Result from MSA and TSA arrangements	**1**	—	**(1)**	(1)
Other, net	**(1)**	1	**1**	111
Total	**—**	1	**—**	110

Q3 2021 compared to Q3 2020

Other income (expense) reflects nil for the three month period ended October 3, 2021 and an income of $1 million for the three month period ended September 27, 2020.

YTD 2021 compared to YTD 2020

Other income (expense) reflects nil for the nine month period ended October 3, 2021, compared to an income of $110 million for the nine month period ended September 27, 2020. Included in 2020 is $110 million relating to the net gain on the sale of the Voice and Audio Solutions (VAS) assets.

Financial income (expense)

The following table presents the details of financial income and expenses:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Interest income	**1**	3	**3**	11
Interest expense	**(96)**	(100)	**(273)**	(276)
Total interest expense, net	**(95)**	(97)	**(270)**	(265)
Foreign exchange rate results	**3**	(5)	**3**	(6)
Miscellaneous financing costs/income and other, net	**(1)**	(4)	**(13)**	(9)
Total other financial income (expense)	**2**	(9)	**(10)**	(15)
Total	**(93)**	(106)	**(280)**	(280)

Q3 2021 compared to Q3 2020

Financial income (expense) was an expense of $93 million in the third quarter of 2021 compared to an expense of $106 million in the third quarter of 2020. The change in financial income (expense) is primarily attributable to fair value adjustments in equity-accounted investees ($3 million), a decrease in interest expense ($4 million) as a result of refinancing activities, a decrease in interest income ($2 million) as a result of declining interest rates and favorable foreign exchange results ($8 million).

YTD 2021 compared to YTD 2020

Financial income (expense) was an expense of $280 million in the first nine months of 2021 compared to an expense of $280 million in the first nine months of 2020. The change in financial income (expense) is primarily attributable to a decrease in interest expense ($3 million) as a result of refinancing activities, favorable foreign exchange results ($9 million), offset by a decrease in interest income ($8 million) as a result of declining interest rates and an increase of non-service pension cost ($4 million).

Benefit (provision) for income taxes

Q3 2021 compared to Q3 2020

Our provision for income taxes was $95 million (15.4% effective tax rate) for the third quarter of 2021 compared to a benefit from income taxes of ($57 million) (77.0% effective tax rate) for the third quarter of 2020. The increase in the income tax expense was due to higher income before income taxes and due to the changes in certain estimates, offset by an increase in tax incentives as a result of the improved operational performance of the company.

YTD 2021 compared to YTD 2020

Our provision for income taxes for the first nine months of 2021 was $200 million (13.4% effective tax rate) compared to a benefit from income taxes of ($88 million) (27.1% effective tax rate) for the first nine months of 2020. The increase in the income tax expense was due to higher income before income taxes, offset by the net change in the valuation allowance between the two periods and an increase in tax incentives (both as a result of the improved operational performance of the company).

Net income (loss)

The following table presents the composition of net income for the periods reported:

($ in millions, unless otherwise stated)	**Q3 2021**	Q3 2020	**YTD 2021**	YTD 2020
Operating income (loss)	**711**	32	**1,776**	(45)
Financial income (expense)	**(93)**	(106)	**(280)**	(280)
Benefit (provision) for income taxes	**(95)**	57	**(200)**	88
Results relating to equity-accounted investees	**3**	(1)	**—**	(3)
Net income (loss)	**526**	(18)	**1,296**	(240)

Liquidity and Capital Resources

We derive our liquidity and capital resources primarily from our cash flows from operations. We continue to generate strong positive operating cash flows. At the end of the third quarter of 2021, our cash balance was $2,303 million, an increase of $28 million compared to December 31, 2020. Taking into account the available amount of the Unsecured Revolving Credit Facility of $1,500 million, we had access to $3,803 million of liquidity as of October 3, 2021.

We currently use cash to fund operations, meet working capital requirements, for capital expenditures and for potential common stock repurchases, dividends and strategic investments. Based on past performance and current expectations, we believe that our current available sources of funds (including cash and cash equivalents, RCF Agreement, plus anticipated cash generated from operations) will be adequate to finance our operations, working capital requirements, capital expenditures and potential dividends for at least the next twelve months. Our capital expenditures were $501 million in the first nine months of 2021, compared to $288 million in the first nine months of 2020. During the nine month period ended October 3, 2021, we repurchased $3,265 million, or 17 million shares of our common stock pursuant to our share buyback programs at a weighted average price of $192.17 per share.

Our total debt amounted to $9,593 million as of Q3 2021, an increase of $1,984 million compared to December 31, 2020 ($7,609 million). Of this, short-term debt amounted to $999 million as of Q3 2021, compared to no short-term debt at December 31, 2020. On May 11, 2021, NXP issued 2.5% senior notes due in 2031 ($1 billion) and 3.25% senior notes due in 2041 ($1 billion).

At October 3, 2021, our cash balance was $2,303 million of which $217 million was held by SSMC, our consolidated joint venture company with TSMC. Under the terms of our joint venture agreement with TSMC, a portion of this cash can be distributed by way of a dividend to us, but 38.8% of the dividend will be paid to our joint venture partner. During the first nine months of 2021, no dividend was declared by SSMC. In 2020, $90 million has been declared by SSMC, which was distributed in the third quarter of 2020, with 38.8% being paid to our joint venture partner.

Cash flows

Our cash and cash equivalents during the first nine months of 2021 decreased by $34 million (excluding the effect of changes in exchange rates on our cash position of $(6) million) as follows:

($ in millions, unless otherwise stated)	**YTD 2021**	YTD 2020
Net cash provided by (used for) operating activities	**2,292**	1,453
Net cash (used for) provided by investing activities	**(618)**	(255)
Net cash provided by (used for) financing activities	**(1,640)**	1,330
Increase (decrease) in cash and cash equivalents	**34**	2,528

Cash Flow from Operating Activities

For the first nine months of 2021 our operating activities provided $2,292 million in cash. This was primarily the result of net income of $1,296 million, adjustments to reconcile the net income of $1,227 million and changes in operating assets and liabilities of ($221) million. Adjustments to net income (loss) includes offsetting non-cash items, such as depreciation and amortization of $952 million, share-based compensation of $265 million and changes in deferred taxes of $6 million.

The change in operating assets and liabilities (working capital accounts) was attributable to the following:

The $214 million increase in receivables and other current assets was primarily driven by the increase in accounts receivable due to the linearity of revenue between the two periods, customer mix, and the related timing of cash collections in the first nine months of 2021 compared with the same period in 2020.

The $143 million increase in inventories was primarily related to increased production levels in order to attempt to align inventory on hand with the current revenue forecasts.

The $242 million increase in accounts payable and other liabilities for the nine months ended October 3, 2021 was primarily related to the increase in the accrual for variable compensation of $227 million as a result of improved operating results, $149 million in trade accounts payable as a result of increased demand, and $46 million in interest payable due to timing of interest payments; partially offset by the decrease of $14 million in lease liabilities, $37 million related to income and social tax payables, a $32 million reduction in restructuring liabilities, $24 million in personnel-related costs, all due to timing of payments, and $73 million of other net movements including the non-cash adjustment for capital expenditures and purchased IP.

For the first nine months of 2020 our operating activities provided $1,453 million in cash. This was primarily the result of net loss of ($240) million, adjustments to reconcile the net loss of $1,591 million and changes in operating assets and liabilities of $98 million. Adjustments to net loss includes offsetting non-cash items, such as depreciation and amortization of $1,672 million, share-based compensation of $295 million, amortization of the discount (premium) on debt and debt issuance costs of $6 million, a gain on sale of assets of ($111) million, results relating to equity-accounted investees of $3 million and changes in deferred taxes of ($274) million.

Cash Flow from Investing Activities

Net cash used for investing activities amounted to $618 million for the first nine months of 2021 and principally consisted of the cash outflows for capital expenditures of $501 million, $99 million for the purchase of identified intangible assets, $14 million for the purchase of equipment leased to others, $17 million for the net purchase of interests of businesses, partly offset by $7 million of insurance recoveries received for equipment damage and net proceeds of $6 million related to sales and purchases of investments.

Net cash used for investing activities amounted to $255 million for the first nine months of 2020 and principally consisted of the cash outflows for purchases of interests in businesses (net of cash) of $21 million, purchase of investments of $15 million, capital expenditures of $288 million and $95 million for the purchase of identified intangible assets, partly offset by proceeds of $161 million from the sale of businesses (net of cash), related to the the sale of our Voice and Audio Solutions assets.

Cash Flow from Financing Activities

Net cash used for financing activities was $1,640 million for the first nine months of 2021 compared to net cash provided by financing activities of $1,330 million for the first nine months of 2020, detailed in the table below:

($ in millions)	**YTD 2021**	YTD 2020
Proceeds from the issuance of long-term debt	**2,000**	2,000
Cash paid for debt issuance costs	**(22)**	(15)
Dividends paid to non-controlling interests	**—**	(34)
Dividends paid to common stockholders	**(412)**	(315)
Cash proceeds from exercise of stock options and savings from ESPP	**60**	64
Purchase of treasury shares	**(3,265)**	(370)
Other, net	**(1)**	—

Contractual Obligations

The Company maintains purchase commitments with certain suppliers, primarily for raw materials, semi-finished goods and manufacturing services and for some non-production items. As of October 3, 2021, the Company had purchase commitments of $4,364 million, which are due through 2044.

($ in millions)	Total	2021	2022	2023	2024	2025	2026 and thereafter
Long-term purchase obligations	4,364	467	1,114	729	590	580	884

Our long-term obligations increased substantially as we locked in long-term supply with our key manufacturing partners.

Off-balance Sheet Arrangements

At the end of the third quarter of 2021, we had no off-balance sheet arrangements other than commitments resulting from normal business operations. None of these arrangements has or is likely to have a material effect on our financial condition, results of operations or cash flows.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company’s market risk during the first nine months of 2021. For a discussion of the Company’s exposure to market risk, refer to the Company’s market risk disclosures set forth in Part II, Item 7A, “Quantitative and Qualitative Disclosures About Market Risk” in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of the Chief Executive Officer and Chief Financial Officer (Certifying Officers), evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) on October 3, 2021. Based on that evaluation, the Certifying Officers concluded the Company's disclosure controls and procedures were effective as of October 3, 2021.

Changes in Internal Control Over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the three month period ended October 3, 2021, which were identified in connection with management's evaluation required by paragraph (d) of Rules 13a-15 and 15d-15 under the Exchange Act that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II — OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

In August 2021, the board of directors of NXP (the "Board") approved a $2 billion expansion of its 2021 share repurchase program. The new $2 billion share repurchase authorization is in addition to the $2 billion 2021 share repurchase program, authorized by the Board in March 2021. In addition, the Company purchases shares from participants in the Company's equity programs who trade shares as trade for taxes. Under Dutch tax law, the repurchase of a company's shares by an entity domiciled in the Netherlands results in a taxable event, unless a tax exemption applies. The tax on the repurchased shares is attributed to the shareholders, with NXP making the payment on the shareholders' behalf. As such, the tax on the repurchased shares is accounted for within stockholders' equity.

The following share repurchase activity occurred under these programs during the three months ended October 3, 2021:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Number of Shares Purchased as Part of Publicly Announced Buy Back Programs	Maximum Number of Shares That May Yet Be Purchased Under the Buy Back Program	Number of Shares Purchased as Trade for Tax (1)
July 5, 2021 – August 8, 2021	5,800,443	$199.37	5,037,477	1,789,023	762,966
August 9, 2021 – September 5, 2021	—	$—	—	11,185,519	—
September 6, 2021 – October 3, 2021	—	$—	—	12,351,100	—
Total	5,800,443		5,037,477		762,966

(1) Reflects shares surrendered by participants to satisfy tax withholding obligations in connection with the Company's equity programs.

Item 5. Other Information

The Compensation Committee of the Board of Directors of NXP Semiconductors N.V. (the "Company") has approved a form of Performance Restricted Stock Unit Award Agreement (attached as Exhibit 10.3 to this Report) for the award of equity grants to our employees, including the Company's named executive officers. These equity awards will be granted under the NXP Semiconductors N.V. 2019 Omnibus Incentive Plan which was previously approved by the Company's annual general meeting of shareholders.

Item 6. Exhibits

Exhibit Number	Exhibit Description
3.1	Articles of Association of NXP Semiconductors N.V. dated June 9, 2020 (incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q of NXP Semiconductors N.V., filed on July 28, 2020)
10.1+	Employment Agreement dated August 25, 2021 between NXP USA, Inc. and Jennifer Wuamett (incorporated by reference to 10.1 to the Company's Current Report on Form 8-K of NXP Semiconductors N.V., filed on August 26, 2021)
10.2+	Employment Agreement dated October 12, 2021 between NXP USA, Inc. and Bill Betz (incorporated by reference to 10.1 to the Company's Current Report on Form 8-K of NXP Semiconductors N.V., filed on October 12, 2021)
10.3*+	Form of Performance Restricted Stock Unit Award Agreement
31.1*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Executive Officer
31.2*	Rule 13a-14(a) / 15d-14(a) Certification of Chief Financial Officer
32.1*	Section 1350 Certifications of Chief Executive Officer and Chief Financial Officer
101	The following materials from the Company's Quarterly Report on Form 10-Q for the quarter ended October 3, 2021, formatted in iXBRL (Inline eXtensible Business Reporting Language): (i) Condensed Consolidated Statements of Operations for the three and nine months ended October 3, 2021 and September 27, 2020; (ii) Condensed Consolidated Statements of Comprehensive Income for the three and nine months ended October 3, 2021 and September 27, 2020; (iii) Condensed Consolidated Balance Sheets as of October 3, 2021 and December 31, 2020; (iv) Condensed Consolidated Statements of Cash Flows for the nine months ended October 3, 2021 and September 27, 2020; (v) Condensed Consolidated Statements of Changes in Equity for the three and nine months ended October 3, 2021 and September 27, 2020; and (vi) Notes to the Unaudited Condensed Consolidated Financial Statements.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

* Filed or furnished herewith.

\+ Indicates management contract or compensatory plan or arrangement.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 2, 2021

NXP Semiconductors N.V.

/s/ William J. Betz

Name: William J. Betz, CFO

Exhibit 31.1

CERTIFICATION

I, Kurt Sievers, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NXP Semiconductors N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 2, 2021

By: /s/ Kurt Sievers
Kurt Sievers
President & Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, William J. Betz, certify that:

1. I have reviewed this quarterly report on Form 10-Q of NXP Semiconductors N.V.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Registrant as of, and for, the periods presented in this report;

4. The Registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the Registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the Registrant’s internal control over financial reporting that occurred during the Registrant’s most recent fiscal quarter (the Registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Registrant’s internal control over financial reporting; and

5. The Registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Registrant’s auditors and the audit committee of the Registrant’s board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Registrant’s ability to record, process, summarize, and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the Registrant’s internal control over financial reporting.

Date: November 2, 2021

By: /s/ William J. Betz

William J. Betz

Chief Financial Officer

Exhibit 32.1

**CERTIFICATIONS OF CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

I, Kurt Sievers, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NXP Semiconductors N.V. on Form 10-Q for the period ended October 3, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of NXP Semiconductors N.V. at the dates and for the periods indicated.

Date: November 2, 2021

By: /s/ Kurt Sievers
Kurt Sievers
President & Chief Executive Officer

I, William J. Betz, certify, as of the date hereof, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of NXP Semiconductors N.V. on Form 10-Q for the period ended October 3, 2021 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that information contained in such Form 10-Q fairly presents in all material respects the financial condition and results of operations of NXP Semiconductors N.V. at the dates and for the periods indicated.

Date: November 2, 2021

By: /s/ William J. Betz
William J. Betz
Chief Financial Officer

Exhibit 10.3

NXP SEMICONDUCTORS N.V.
2019 OMNIBUS INCENTIVE PLAN

PERFORMANCE RESTRICTED STOCK UNIT AWARD AGREEMENT

This Performance Restricted Stock Unit Award Agreement (this "PSU Agreement") is made effective as of the date indicated in the grant summary in the Company's equity recordkeeping system (the "Date of Grant"), by and between NXP Semiconductors N.V., a public limited liability company (naamloze vennootschap) organized under the Laws of The Netherlands (the "Company"), and the recipient of the grant (the "Participant"). Capitalized terms used but not defined herein shall have the meaning ascribed to them in the NXP Semiconductors N.V. 2019 Omnibus Incentive Plan (as may be amended from time to time, the "Plan").

1. Grant of Performance Restricted Stock Units. The Company hereby grants to the Participant, subject to all of the terms and conditions of this PSU Agreement and the Plan, the number of performance restricted stock units (the "PSUs") evidencing a right to receive a target number of shares of Common Stock as indicated in the grant summary in the Company's equity recordkeeping system (the "Target PSUs"), based on the Company's achievement of the performance goals set forth on Appendix A hereto (the "Performance Goals"). Shares of Common Stock corresponding to the PSUs, if any, are to be delivered to the Participant only after the Performance Goals have been achieved and certified as described in Section 3 and the Participant has become vested in the PSUs pursuant to Section 4 below.

2. Performance Period. For purposes of this PSU Agreement, the term "Performance Period" shall refer to the period from the Date of Grant through the day prior to the third anniversary of the Date of Grant (the "Performance Period End Date"). In the event of a Change of Control that occurs before the Performance Period End Date, the Performance Period shall end on the date of the Change of Control, or another date established at the discretion of the Committee (as defined below), and the Share Delivery Factor (as defined below) shall be calculated on such basis.

3. Performance Goals.

(a) To the extent, if any, the applicable Performance Goals have been achieved for the applicable Performance Period, and subject to the compliance with the requirements of Section 4, the Participant will be entitled to receive a number of shares of Common Stock equal to between 0 and 2.0 times (such number, the "Share Delivery Factor") the number of Target PSUs granted under this PSU Agreement.

(b) The Compensation Committee of the Company's Board (the "Committee") shall, as soon as practicable following the last day of the applicable Performance Period, and in any event within forty-five days after the Performance Period End Date, certify (i) the extent to which the Performance Goals have been achieved, if at all, and (ii) the number of shares of Common Stock, if any, which the Participant shall be entitled to receive with respect to the PSUs granted under this PSU Agreement. In the event the Share Delivery Factor equals zero, the PSUs granted under this PSU Agreement shall be cancelled without the delivery of any shares of Common Stock or other consideration. Such certification shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

4. Vesting.

(a) To the extent that the Performance Goals for the applicable Performance Period have been achieved, a number of PSUs granted under this PSU Agreement shall vest based on the applicable Share Delivery Factor on the date of the Committee's certification of the Performance Goals in accordance with Section 3 (the "Vesting Date"); provided that the Participant remains in continuous employment with the Company or an Affiliate thereof through the Performance Period End Date.

(b) Except as set forth in Section 4(c) below, if the Participant's employment is terminated for any reason prior to the Performance Period End Date, then all rights of the Participant with respect to PSUs that have not vested as of the date of termination shall immediately terminate without notice and without any compensation; provided, that upon the violation by the Participant of any provision of the Plan or this PSU Agreement, the PSUs shall terminate effective as of the date of such violation (rather than the date on which such violation comes to the attention of the Company) and the Participant shall be required to return to the Company the shares of Common Stock in respect of vested PSUs on an after tax basis or an amount in cash equal to the fair market value of the shares of Common Stock in respect of vested PSUs as of the date of the Participant's termination of employment. Any such unvested PSUs terminated pursuant to this Section 4(b) shall be forfeited without payment of any consideration, and neither the Participant nor any of the Participant's successors, heirs, assigns, or personal representatives shall thereafter have any further rights or interests in such unvested PSUs.

(c) If (i) the Participant's employment is terminated by the Company or any of its direct and indirect subsidiaries or such other company as designated by the Administrator (each an "Employing Company") without the Participant being a Bad Leaver or by the Participant for Good Reason, in either case within twelve months following a Change of Control and (ii) the Participant executes and delivers to the Employing Company (and does not revoke) a general release of claims in a form satisfactory to the Administrator within sixty (60) days following such termination (or such shorter period as may be specified by the Employing Company in accordance with applicable law), then all unvested PSUs shall immediately vest and shall be settled as soon as practicable after the date of such termination of employment based on the Share Delivery Factor calculated pursuant to Section 2.

Subject, and in addition, to the foregoing, if the Participant's employment is terminated (A) at the convenience of the Employing Company (which includes, but is not limited to, in connection with a reduction in force), as determined by the Administrator in its sole discretion, prior to the Performance Period End Date or (B) by reason of the Retirement of the Participant, and, in either case, not under circumstances giving rise to the Participant being a Bad Leaver or the Employing Company terminating the Participant's employment where the Participant is a Bad Leaver and provided Participant executes and delivers to the Employing Company (and does not revoke) a general release of claims as described in (c)(ii) above, then the Pro-Rata Portion (as defined below) shall be eligible to vest on the original Vesting Date, subject to the achievement and certification of the Performance Goals as described in Section 3 and based on the applicable Share Delivery Factor calculated pursuant to Section 3(a).

Subject, and in addition, to the foregoing, if the Participant's employment is terminated due to the Participant's death, then all unvested PSUs shall be eligible to vest on the original Vesting Date, subject to the achievement and certification of the Performance Goals as described in Section 3 and based on the applicable Share Delivery Factor calculated pursuant to Section 3(a).

(d) For the purposes of this PSU Agreement, and notwithstanding any provision of the Plan to the contrary:

(i). "Bad Leaver" shall mean a Participant whose employment with an Employing Company is terminated (A) following the Participant committing an act of theft, fraud, serious misconduct or deliberate falsification of records in relation to his duties for the Company or the Employing Company; (B) following the Participant being convicted of or pleading guilty to a serious criminal offence (misdrijf) relating to his or her duties for the Company or the Employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (A) and/or (B) has a material adverse effect upon the Company or the Employing Company; (C) with immediate effect because of an urgent cause (dringende reden) as referred to in article 7:678 of the Dutch Civil Code for cause; (D) a Participant materially violates the Company Code of Conduct or similarly significant rule or policy of the Company or the Employing Company; or (E) a Participant within the twelve (12) month period following the termination of employment, directly or indirectly and in any capacity whatsoever, engages in any activities in competition with the activities of any of the Company, its Subsidiaries or its Affiliates, including the Participant personally actively soliciting or personally actively endeavoring to entice away or personally actively recruiting any employees of the Company, its Subsidiaries or its Affiliates in said period.

(ii). "Good Reason" shall have the meaning in the employment agreement between the Participant and the Employing Company. If the Participant does not have an employment agreement with the Employing Company in which Good Reason is defined, "Good Reason" means, in the absence of the Participant's written consent, any of the following: (i) a material reduction by the Employing Company in the Participant's net base salary or target bonus (taking into account applicable taxes and mandatory withholdings in the event of Participant's geographical relocation at the request of the Employing Company) unless the base salary or target bonus of other employees or officers of the Company, any of its Subsidiaries or the applicable Employing Company in a similar position is reduced by a similar percentage or amount as part of cost reductions, restructuring, or job grade alignment affecting all of the company or the Participant's

Employing Company or business unit; or (ii) a material diminution in the Participant's duties or responsibilities (other than as a result of the Participant's physical or mental incapacity which impairs his or her ability to materially perform his or her duties or responsibilities as confirmed by a doctor reasonably acceptable to the Participant or his or her representative and such diminution lasts only for so long as such doctor determines such incapacity impairs the Participant's ability to materially perform his or her duties or responsibilities).

(iii). "Pro-Rata Portion" shall mean a number of PSUs equal to the product of (x) a fraction, the numerator of which is the number of days the Participant was employed by the Employing Company on and after the Date of Grant and the denominator of which is the number of days between the Date of Grant and the third anniversary of the Date of Grant, multiplied by (y) the number of PSUs that would have otherwise vested on the applicable Vesting Date absent the Participant's termination of employment, with any fractional shares rounded to the nearest whole number of shares.

By way of example, assume that (i) a participant is granted 300 PSUs on October 29, 2019 (the Date of Grant) which have a three-year cliff vest on October 28, 2022 and (ii) the participant terminates employment due to Retirement on April 29, 2020. The Pro-Rata Portion would equal 50 PSUs (300 PSUs multiplied by a fraction, the numerator of which is 184 days and the denominator of which is 1,095 days).

(iv). "Retirement" shall mean the Participant's termination of employment with the Company or the Employing Company following having both attained five (5) years of service with the Company or Employing Company and age sixty (60).

5. Settlement. Except as otherwise set forth in Section 4, the shares of Common Stock underlying any PSUs that become vested in accordance with Section 4, if any, shall be delivered to the Participant as soon as practicable after the Vesting Date (as applicable, the "Settlement Date").

6. Voting and Other Rights. The Participant shall have no rights of a stockholder with respect to the PSUs (including the right to vote and the right to receive distributions or dividends) unless and until shares of Common Stock are issued in respect thereof in accordance with this PSU Agreement.

7. PSU Agreement Subject to Plan. This PSU Agreement is made pursuant to all of the provisions of the Plan, which is incorporated herein by this reference, and is intended, and shall be interpreted in a manner, to comply therewith. In the event of any conflict between the provisions of this PSU Agreement and the provisions of the Plan, the provisions of this PSU Agreement shall govern. The Participant hereby acknowledges receipt of a copy of the Plan. The Participant hereby acknowledges that all decisions, determinations and interpretations

of the Administrator in respect of the Plan, this PSU Agreement and the PSUs shall be final and conclusive.

8. No Rights to Continuation of Employment; Discretionary Grant. Nothing in the Plan or this PSU Agreement shall confer upon the Participant any right to continue in the employ of the Company or any Affiliate thereof or shall interfere with or restrict the right of the Company or its Affiliates to terminate the Participant's employment at any time for any reason. The (value of) PSUs granted to, or shares of Common Stock acquired in connection with the vesting and settlement of the PSUs, under this PSU Agreement shall not be considered as compensation in determining a Participant's benefits under any benefit plan of an Employing Company, including but not limited to, group life insurance, long-term disability, family survivors, or any retirement, pension or savings plan.

9. Taxes. Any and all taxes, duties, levies, charges or social security contributions ("Taxes") which arise under any applicable national, state, local or supra-national laws, rules or regulations, whether already effective on the Date of Grant or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Participant in connection with this PSU Agreement (including, but not limited to, the grant of the PSUs, the ownership of the PSUs and/or the delivery of any Common Stock under this Plan, the ownership and/or the sale of any Common Stock acquired under this PSU Agreement) shall be for the sole risk and account of the Participant.

10. Governing Law and Forum. This PSU Agreement shall be governed by and construed in accordance with the laws of The Netherlands, without giving effect to the principles of conflicts of laws. Any dispute arising under or in connection with this PSU Agreement shall be settled by the competent courts in Amsterdam, The Netherlands.

11. PSU Agreement Binding on Successors. The terms of this PSU Agreement shall be binding upon the Participant and upon the Participant's heirs, executors, administrators, personal representatives, transferees, assignees and successors in interest, and upon the Company and its successors and assignees, subject to the terms of the Plan.

12. No Assignment. Notwithstanding anything to the contrary in this PSU Agreement, neither this PSU Agreement nor any rights granted herein shall be assignable by the Participant.

13. Insider Trading Rules; Certain Company Policies; Necessary Acts. Each Participant shall comply with any applicable "insider trading" laws and regulations, including the "NXP Semiconductor N.V. Insider Trading Policy," the Company Code of Conduct, and any restrictive covenant or intellectual property assignment agreement to which the Participant is a party. The Participant hereby agrees to perform all acts, and to execute and deliver any documents that may be reasonably necessary to carry out the provisions of this PSU Agreement, including but not limited to all acts and documents related to compliance with applicable securities and/or tax laws.

14. Severability. Should any provision of this PSU Agreement be held by a court of competent jurisdiction to be unenforceable, or enforceable only if modified, such holding shall not affect the validity of the remainder of this PSU Agreement, the balance of which shall continue to be binding upon the parties hereto with any such modification (if any) to become a part hereof and treated as though contained in this original PSU Agreement. Moreover, if one or more of the provisions contained in this PSU Agreement shall for any reason be held to be excessively broad as to scope, activity, subject or otherwise so as to be unenforceable, in lieu of severing such unenforceable provision, such provision or provisions shall be construed by the appropriate judicial body by limiting or reducing it or them, so as to be enforceable to the maximum extent compatible with the applicable law as it shall then appear, and such determination by such judicial body shall not affect the enforceability of such provisions or provisions in any other jurisdiction.

15. Addenda. The provisions of any addenda attached hereto are incorporated by reference herein and made a part of this PSU Agreement. To the extent that any provision in any such addenda conflicts with any provision set forth elsewhere in this PSU Agreement (including, without limitation, any provisions related to Taxes or the Settlement Date), the provision set forth in such addenda shall control.

16. Entire Agreement. This PSU Agreement and the Plan contain the entire agreement and understanding among the parties as to the subject matter hereof, and supersedes any other agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof.

17. Headings. Headings are used solely for the convenience of the parties and shall not be deemed to be a limitation upon or descriptive of the contents of any such Section.

18. Acceptance. This PSU Agreement must be accepted by the Participant's electronic acceptance in the Company's equity recordkeeping system or the Participant will have no right to the PSU grant provided for in this PSU Agreement. By accepting this PSU Agreement the Participant consents to the electronic delivery through the Company's equity recordkeeping system of all documents related to this PSU grant. Please be informed that when you accept these grants via the E*TRADE system (or such other system designated by the Administrator) you consent to the processing, collection, storing and adapting by the Company, its affiliates, or any entity administrating the Plan, your grant, and/or your (rights to) any shares of Common Stock, of any personal data relating to you (including, inter alia, name, address, personnel number and position) for the sole purpose of your participation in the Plan. This data is processed for purposes of administrating and executing the Plan in the broadest sense. The Company or the Employing Company may transfer the data relating to you to their Subsidiaries or Affiliates or any designated person located in the United States for purposes of administrating, approving and executing the Plan in the broadest sense. The United States does not provide an adequate level of data protection for the above-mentioned purposes.

19. Amendment. No amendment or modification hereof shall be valid unless it shall be in writing and signed by all parties hereto.

APPENDIX A

Performance Goals

1. Share Delivery Factor.

(a) The Share Delivery Factor will be based on the Company's Relative TSR Percentile Rank during the applicable Performance Period as follows:

Relative TSR Percentile Rank	Share Delivery Factor
<25%	0
25%	.25
50%	1.0
75%	2.0
>75%	2.0

(b) If the Company's Relative TSR Percentile Rank determined in accordance with the chart set forth in Section 1(a) is between 25% and 75% during the applicable Performance Period, the Share Delivery Factor will be calculated by linear extrapolation using the data points in the chart set forth in Section 1(a) .

(c) If the Company's TSR is negative during the applicable Performance Period, the maximum Share Delivery Factor is 1.0 regardless of Relative TSR Percentile Rank.

2. Definitions.

(a) "Relative TSR" means the TSR of the Company compared to the TSR of the Peer Companies on a relative basis during the applicable Performance Period. The Company and the Peer Companies ranked from highest to lowest according to their respective TSRs during the applicable Performance Period will determine Relative TSR. After this ranking, the percentile performance of the Company relative to the Peer Companies will be determined using the Percentrank formula in Microsoft Excel.

(b) "TSR" means for the Company and each of the Peer Companies, the amount determined by dividing (i) the Closing Average Share Value by (ii) the Opening Average Share Value, and then subtracting one (1).

(c) "Closing Average Share Value" means for the Company and each of the Peer Companies, the average over the days in the Closing Average Period, of the closing price of its common stock, multiplied by the Accumulated Shares for each day during the Closing Average Period. In the case of a Change of Control of the Company, the Closing Average Share Value of the Company shall be the per share consideration paid by the acquiror of the Company, as determined by the Committee in its sole discretion.

(d) "Closing Average Period" means the twenty (20) trading days prior to and including the last date of the applicable Performance Period.

(e) "Opening Average Share Value" means for the Company and each of the Peer Companies, the average over the days in the Opening Average Period of the closing price of its common stock, multiplied by the Accumulated Shares for each day during the Opening Average Period.

(f) "Opening Average Period" means the twenty (20) trading days prior to the Date of Grant.

(g) "Accumulated Shares" means, for a given day, and for the Company or a given Peer Company, the sum of (i) one share of common stock of the applicable company, plus (ii) a cumulative number of shares of common stock purchased with dividends declared on the common stock, assuming same day reinvestment of the dividends into shares of common stock at the closing price on the ex-dividend date, for ex-dividend dates during the applicable Performance Period or Opening Average Period, as applicable.

(h) "Peer Companies" means the companies established by the Committee for purposes of calculating TSR, to include Advanced Micro Devices, Inc.; Analog Devices, Inc.; Applied Materials, Inc.; ASML Holding N.V.; Broadcom, Inc.; Corning Incorporated; Infineon Technologies AG; Lam Research Corporation; Marvell Technology Group Ltd.; Maxim Integrated Products, Inc.; Microchip Technology, Inc.; Micron Technology, Inc.; NVIDIA Corporation; ON Semiconductor Corporation; QUALCOMM Corporation; Seagate Technology plc; STMicroelectronics N.V.; TE Connectivity Ltd.; Texas Instruments Incorporated; and Western Digital Corporation; provided, that the Committee may make such changes to the list of Peer Companies as it determines to be necessary or appropriate in its sole discretion, including to reflect mergers and acquisitions or other similar activities.

3. TSR Calculations

(a) During the applicable Performance Period, applicable stock prices will be adjusted for stock splits, rights offerings, spin-offs, or similar events, but will not be adjusted for stock buybacks or stock issued as consideration for an acquisition. Such adjustments, or lack thereof, shall be made in the sole discretion of the Committee, the Committee's determination shall be final, conclusive and binding on the Participant, and on all other persons, to the maximum extent permitted by law.

(b) TSR will be based on the local currency of each company's primary stock exchange listing. Adjustments will not be made to convert stock prices from local currency to USD.

Annex A

Country Specific Tax Provisions

For Participants whose PSU grants are or become subject to the tax laws of the United States

Settlement Date. The Settlement Date shall occur as soon as practicable following the applicable Vesting Date or such earlier date as provided in Sections 4(b)-(c) of this PSU Agreement, but in no event later than March 15 of the year following the year in which such the applicable PSUs become vested.

Section 409A Compliance. The intent of the parties is that the payments and benefits under this PSU Agreement comply with Section 409A of the U.S. Internal Revenue Code of 1986, as amended from time to time, or any successor thereto (the "Code"), to the extent subject thereto, and accordingly, to the maximum extent permitted, this PSU Agreement shall be interpreted and administered to be in compliance therewith. Notwithstanding anything contained herein to the contrary, the Participant shall not be considered to have terminated employment with the Company for purposes of any payments under this PSU Agreement which are subject to Section 409A of the Code until the Participant would be considered to have incurred a "separation from service" from the Company within the meaning of Section 409A of the Code. Each amount to be paid or benefit to be provided under this PSU Agreement shall be construed as a separate identified payment for purposes of Section 409A of the Code. Without limiting the foregoing and notwithstanding anything contained herein to the contrary, to the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A of the Code, amounts that would otherwise be payable and benefits that would otherwise be provided pursuant to this PSU Agreement or any other arrangement between the Participant and the Company during the six-month period immediately following the Participant's separation from service shall instead be paid on the first business day after the date that is six months following the Participant's separation from service (or, if earlier, the Participant's date of death). The Company makes no representation that any or all of the payments described in this PSU Agreement will be exempt from or comply with Section 409A of the Code and makes no undertaking to preclude Section 409A of the Code from applying to any such payment. The Participant shall be solely responsible for the payment of any taxes and penalties incurred under Section 409A of the Code.