
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934

OR

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

For the fiscal year ended December 31, 2015

OR

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

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report _____

For the transition period from _____ to _____

Commission file number 001-34841

NXP Semiconductors N.V.

(Exact name of Registrant as specified in its charter)

The Netherlands
(Jurisdiction of incorporation or organization)

High Tech Campus 60, Eindhoven 5656 AG, the Netherlands
(Address of principal executive offices)

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(Name, Telephone, E-mail and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Common shares—par value euro (EUR) 0.20 per share

The NASDAQ Global Select Market

Securities registered or to be registered pursuant to Section 12(g) of the Act.

None
(Title of class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Common shares—par value EUR 0.20 per share
(Title of class)

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report.

Class
Ordinary shares, par value EUR 0.20 per share

Outstanding at December 31, 2015
346,002,862 shares

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934. Yes No

Note—Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

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 and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one)

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued
by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow. Item 17 Item 18

If this is an Annual Report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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Introduction

This Annual Report contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly from future results as a result of factors such as those set forth in Part I, Item 3D, *Risk Factors* and Part I, Item 5G, *Safe Harbor*.

The financial information included in this Annual Report is based on United States Generally Accepted Accounting Principles (U.S. GAAP), unless otherwise indicated.

In presenting and discussing our financial position, operating results and cash flows, management uses certain non-U.S. GAAP financial measures. These non-U.S. GAAP financial measures should not be viewed in isolation or as alternatives to the equivalent U.S. GAAP measures and should be used in conjunction with the most directly comparable U.S. GAAP measures. A discussion of non-U.S. GAAP measures included in this Annual Report and a reconciliation of such measures to the most directly comparable U.S. GAAP measures are set forth under “*Use of Certain Non-U.S. GAAP Financial Measures*” contained in this report under Part I, Item 5A, *Operating Results*.

Unless otherwise required, all references herein to “we”, “our”, “us”, “NXP” and the “Company” are to NXP Semiconductors N.V. and its consolidated subsidiaries.

A glossary of abbreviations and technical terms used in this Annual Report is set forth on page 79.

PART I

Item 1. Identity of Directors, Senior Management and Advisers

Not applicable.

Item 2. Offer Statistics and Expected Timetable

Not applicable.

Item 3. Key Information

A. Selected Financial Data

The following table presents a summary of our selected historical consolidated financial data. We prepare our financial statements in accordance with U.S. GAAP.

The results of operations for prior years are not necessarily indicative of the results to be expected for any future period.

On December 7, 2015, we acquired Freescale Semiconductor, Ltd. (“Freescale”) for a total consideration of approximately \$11.6 billion (the “Merger”). The results of their operations and the estimated fair value of the assets acquired and liabilities assumed in the business combination are included in our financial statements from the date of acquisition forward.

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The selected historical consolidated financial data should be read in conjunction with the discussion under Part I, Item 5A. *Operating Results* and the Consolidated Financial Statements and the accompanying notes included elsewhere in this Annual Report.

(\$ in millions unless otherwise stated)	As of and for the years ended December 31,				
	2015	2014	2013	2012	2011
Consolidated Statements of Operations:					
Revenue	6,101	5,647	4,815	4,358	4,194
Gross profit ⁽¹⁾	2,787	2,640	2,177	1,988	1,906
Total operating expenses ⁽²⁾	(2,035)	(1,601)	(1,535)	(1,605)	(1,553)
Other income (expense) ⁽³⁾	1,263	10	9	29	4
Operating income (loss)	2,015	1,049	651	412	357
Financial income (expense)	(529)	(410)	(274)	(437)	(257)
Income (loss) from continuing operations attributable to stockholders	1,526	539	348	(116)	(44)
Income (loss) from discontinued operations attributable to stockholders	—	—	—	1	434
Net income (loss) attributable to stockholders	1,526	539	348	(115)	390
Per share data:					
<i>Basic earnings per common share attributable to stockholders in \$</i>					
- Income (loss) from continuing operations	6.36	2.27	1.40	(0.46)	(0.17)
- Income (loss) from discontinued operations	—	—	—	—	1.74
- Net income (loss)	6.36	2.27	1.40	(0.46)	1.57
<i>Diluted earnings per common share attributable to stockholders in \$</i>					
- Income (loss) from continuing operations	6.10	2.17	1.36	(0.46)	(0.17)
- Income (loss) from discontinued operations	—	—	—	—	1.74
- Net income (loss)	6.10	2.17	1.36	(0.46)	1.57
Weighted average number of shares of common stock outstanding during the year (in thousands)					
• Basic	239,764	237,954	248,526	248,064	248,812
• Diluted	250,116	248,609	255,050	248,064 ⁽⁴⁾	248,812 ⁽⁴⁾
Consolidated balance sheet data⁽⁵⁾:					
Cash and cash equivalents	1,614	1,185	670	617	743
Total assets	26,354	6,850	6,402	6,393	6,565
Net assets	11,803	801	1,546	1,284	1,357
Working capital ⁽⁶⁾	2,820	1,340	939	765	969
Total debt ^{(7), (8)}	9,212	3,956	3,274	3,446	3,752
Total stockholders' equity	11,515	538	1,301	1,049	1,145
Common stock	68	51	51	51	51
Other operating data:					
Capital expenditures	(341)	(329)	(215)	(251)	(221)
Depreciation and amortization ⁽⁹⁾	517	405	514	533	591
Consolidated statements of cash flows data:					
Net cash provided by (used for):					
Operating activities	1,330	1,468	891	722	175
Investing activities	(430)	(387)	(240)	(243)	(202)
Financing activities	(449)	(554)	(598)	(574)	(926)
Net cash provided by (used for) continuing operations	451	527	53	(95)	(953)
Net cash provided by (used for) discontinued operations	—	—	—	(45)	809

(1) Gross profit in 2015 includes a charge of \$149 million resulting from the purchase accounting effect on the inventory acquired from Freescale.

(2) Total operating expenses in 2015 include charges related to the acquisition of Freescale as follows—\$226 million in restructuring charges, \$105 million for the amortization of acquisition-related intangibles, \$49 million of stock based compensation charges related to employees terminated as a result of the Merger and \$42 million of merger related costs.

(3) Other income (expense) in 2015 includes the recognition of the gains from the sale of our Bipolar business on November 9, 2015 and the sale of our RF Power business on December 7, 2015. See the section on *Other Material Transactions* in Part I, Item 4, B, Business Overview.

(4) Due to our net losses from continuing operations attributable to stockholders in the years 2011 and 2012, all potentially dilutive securities have been excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive.

(5) Consolidated balance sheet data in 2015 includes the impact of purchase accounting on the assets acquired and liabilities assumed in connection with our acquisition of Freescale.

(6) Working capital is calculated as current assets less current liabilities (excluding short-term debt).

(7) On December 7, 2015, in connection with the Merger, NXP entered into a \$2.7 billion secured term loan ("Term Loan B"). Proceeds from among others the Term Loan B were used to (i) pay the cash consideration in connection with the Merger, (ii) effect the repayment of certain amounts under Freescale's outstanding credit facility and (iii) pay certain transaction costs.

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(8) As adjusted for our cash and cash equivalents our net debt was calculated as follows:

(\$ in millions)	2015	2014	2013	2012	2011
Long-term debt	8,656	3,936	3,234	3,141	3,700
Short-term debt	556	20	40	305	52
Total debt	9,212	3,956	3,274	3,446	3,752
Less: cash and cash equivalents	(1,614)	(1,185)	(670)	(617)	(743)
Net debt	7,598	2,771	2,604	2,829	3,009

Net debt is a non-GAAP financial measure. See “*Use of Certain Non-GAAP Financial Measures*” under Part I, 5A. *Operating Results*.

(9) Depreciation and amortization includes the effect of purchase accounting related to acquisitions. The effect of purchase accounting in depreciation and amortization was \$252 million in 2015, \$164 million in 2014, \$246 million in 2013, \$273 million in 2012 and \$301 million in 2011.

As used in this Annual Report, “euro”, or “€” means the single unified currency of the European Monetary Union. “U.S. dollar”, “USD”, “U.S. \$” or “\$” means the lawful currency of the United States of America. As used in this Annual Report, the term “noon buying rate” refers to the exchange rate for euro, expressed in U.S. dollars per euro, as announced by the Federal Reserve Bank of New York for customs purposes as the rate in the city of New York for cable transfers in foreign currencies.

The table below shows the average noon buying rates for U.S. dollars per euro for the five years ended December 31, 2015. The averages set forth in the table below have been computed using the noon buying rate on the last business day of each month during the periods indicated.

Average \$ per €	Year ended December 31,				
	2015	2014	2013	2012	2011
	1.1150	1.3297	1.3281	1.2859	1.3931

The following table shows the high and low noon buying rates for U.S. dollars per euro for each of the six months in the six-month period ended February 12, 2016:

Month	High	Low
	(\$ per €)	
2015		
August	1.1580	1.0868
September	1.1358	1.1104
October	1.1437	1.0963
November	1.1026	1.0562
December	1.1025	1.0573
2016		
January	1.0964	1.0743

On February 12, 2016, the noon buying rate was \$1.1235 per €1.00.

Fluctuations in the value of the euro relative to the U.S. dollar have had a significant effect on the translation into U.S. dollar of our euro-denominated assets, liabilities, revenue and expenses, and may continue to do so in the future. For further information on the impact of fluctuations in exchange rates on our operations, see the “*Fluctuations in Foreign Rates May Have An Adverse Effect On Our Financial Results*” section in Part I, Item 3D. *Risk Factors* and the “*Foreign Currency Risks*” section in Part I, Item 11. *Quantitative and Qualitative Disclosures About Market Risk*.

B. Capitalization and Indebtedness

Not applicable.

C. Reasons for the Offer and Use of Proceeds

Not applicable.

D. Risk Factors

The following section provides an overview of the risks to which our business is exposed. You should carefully consider the risk factors described below and all other information contained in this Annual Report, including the Consolidated Financial Statements and related notes. The occurrence of the risks described below could have a material adverse impact on our business, financial condition or results of operations. Various statements in this Annual Report, including the following risk factors, contain forward-looking statements. Please also refer to Part I, Item 5G. *Safe Harbor*, contained elsewhere in this Annual Report.

Risks related to our business

Our ongoing business is subject to certain risks related to our integration of Freescale.

As described elsewhere in this Annual Report, we completed the Merger on December 7, 2015. The Merger involved the integration of two companies that previously operated independently with principal offices in two distinct locations. We are devoting significant management attention and resources to integrating the companies. Potential difficulties we may encounter as part of the integration process include the following:

- the inability to successfully combine the former businesses of NXP and Freescale, or particular business segments such as automotive, in a manner that permits us to enjoy the advantages of highly complementary product portfolios and end-market exposure of the businesses of NXP and Freescale, to be able to offer more innovative and complete solutions to its customers by leveraging NXP's security capability and Freescale's broad based microcontroller offering, to achieve the full cost synergies and other benefits anticipated to result from the Merger, and to further expand our global market reach and customer base and expand into other business areas of strategic importance;
- our inability, or particular business segments such as automotive, to achieve or maintain leading industry standards in quality, supply chain management and innovation;
- complexities associated with managing our businesses after the Merger, including challenges of integrating complex systems, technology, networks and other assets in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;
- integrating the workforces of the former businesses of NXP and Freescale while maintaining focus on providing consistent, high quality customer service; and
- potential unknown liabilities and unforeseen increased expenses or delays associated with the Merger, including costs to integrate the former businesses of NXP and Freescale that may exceed the anticipated costs that we estimated prior to the execution of the Merger agreement.

Any of the foregoing could adversely affect our ability to maintain relationships with customers, suppliers, employees and other constituencies or our ability to achieve the anticipated benefits of the Merger or could reduce our earnings or otherwise adversely affect our business and financial results.

Accordingly, there can be no assurance: (i) that the Merger will result in the realization of the full benefits of synergies, innovation and operational efficiencies that we currently expect; (ii) that these benefits will be achieved within the anticipated timeframe; (iii) that we will be able to fully and accurately measure any such synergies; or (iv) that we will be able to implement new strategies to transform the combined businesses of NXP and Freescale. Failure to successfully integrate the businesses and realize the projected synergies, innovation and operational efficiencies may have a material adverse effect on our business and financial results.

Our future results may suffer if we do not effectively manage our expanded operations following the completion of the Merger.

Following the completion of the Merger, the size of our business has increased significantly beyond the former size of either NXP's or Freescale's business. Our future success depends, in part, upon our ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that we will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits that were anticipated from the Merger.

The semiconductor industry is highly cyclical.

Historically, the relationship between supply and demand in the semiconductor industry has caused a high degree of cyclicity in the semiconductor market. Semiconductor supply is partly driven by manufacturing capacity, which in the past has demonstrated alternating periods of substantial capacity additions and periods in which no or limited capacity was added. As a general matter, semiconductor companies are more likely to add capacity in periods when current or expected future demand is strong and margins are, or are expected to be, high. Investments in new capacity can result in overcapacity, which can lead to a reduction in prices and margins. In response, companies typically limit further capacity additions, eventually causing the market to be relatively undersupplied. In addition, demand for semiconductors varies, which can exacerbate the effect of supply fluctuations. As a result of this cyclicity, the semiconductor industry has in the past experienced significant downturns, such as in 1997/1998, 2001/2002 and in 2008/2009, often in connection with, or in anticipation of, maturing life cycles of semiconductor companies' products and declines in general economic conditions. These downturns have been characterized by diminishing demand for end-user products, high inventory levels, under-utilization of manufacturing capacity and accelerated erosion of average selling prices. The foregoing risks have historically had, and may continue to have, a material adverse effect on our business, financial condition and results of operations.

Significantly increased volatility and instability and unfavorable economic conditions may adversely affect our business.

In 2008 and 2009, Europe, the United States and international markets experienced increased volatility and instability. In 2015, volatility and instability in financial markets continued following renewed investor concerns related to the economic situation in parts of the world, a decline in the growth rate of the Chinese economy, increased hostilities in the Middle East, and other world events. These, or other events, could further adversely affect the economies of the European Union, the United States and those of other countries and may exacerbate the cyclical nature of our business. Among other factors, we face risks attendant to declines in general economic conditions, changes in demand for end-user products and changes in interest rates.

Despite indications of recovery and aggressive measures taken by governments and central banks, there is a significant risk that the global economy could fall into recession again. If economic conditions remain uncertain or deteriorate, our business, financial condition and results of operations could be materially adversely affected.

As a consequence of the significantly increased volatility and instability, it is difficult for us, our customers and suppliers to forecast demand trends. We may be unable to accurately predict the extent or duration of cycles or their effect on our financial condition or result of operations and can give no assurance as to the timing, extent or duration of the current or future business cycles. A recurrent decline in demand or the failure of demand to return to prior levels could place pressure on our results of operations. The timing and extent of any changes to currently prevailing market conditions is uncertain and supply and demand may be unbalanced at any time.

The semiconductor industry is highly competitive. If we fail to introduce new technologies and products in a timely manner, this could adversely affect our business.

The semiconductor industry is highly competitive and characterized by constant and rapid technological change, short product lifecycles, significant price erosion and evolving standards. Accordingly, the success of our business depends to a significant extent on our ability to develop new technologies and products that are ultimately successful in the market. The costs related to the research and development necessary to develop new technologies and products are significant and any reduction of our research and development budget could harm our competitiveness. Meeting evolving industry requirements and introducing new products to the market in a timely manner and at prices that are acceptable to our customers are significant factors in determining our competitiveness and success. Commitments to develop new products must be made well in advance of any resulting sales, and technologies and standards may change during development, potentially rendering our products outdated or uncompetitive before their introduction. If we are unable to successfully develop new products, our revenue may decline substantially. Moreover, some of our competitors are well-established entities, are larger than us and have greater resources than we do. If these competitors increase the resources they devote to developing and marketing their products, we may not be able to compete effectively. Any consolidation among our competitors could enhance their product offerings and financial resources, further strengthening their competitive position. In addition, some of our competitors operate in narrow business areas relative to us, allowing them to concentrate their research and development efforts directly on products and services for those areas, which may give them a competitive advantage. As a result of these competitive pressures, we may face declining sales volumes or lower prevailing prices for our products, and we may not be able to reduce our total costs in line with this declining revenue. If any of these risks materialize, they could have a material adverse effect on our business, financial condition and results of operations.

In many of the market segments in which we compete, we depend on winning selection processes, and failure to be selected could adversely affect our business in those market segments.

One of our business strategies is to participate in and win competitive bid selection processes to develop products for use in our customers' equipment and products. These selection processes can be lengthy and require us to incur significant design and development expenditures, with no guarantee of winning a contract or generating revenue. Failure to win new design projects and delays in developing new products with anticipated technological advances or in commencing volume shipments of these products may have an adverse effect on our business. This risk is particularly pronounced in markets where there are only a few potential customers and in the automotive market, where, due to the longer design cycles involved, failure to win a design-in could prevent access to a customer for several years. Our failure to win a sufficient number of these bids could result in reduced revenue and hurt our competitive position in future selection processes because we may not be perceived as being a technology or industry leader, each of which could have a material adverse effect on our business, financial condition and results of operations.

The demand for our products depends to a significant degree on the demand for our customers' end products.

The vast majority of our revenue is derived from sales to manufacturers in the automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing markets. Demand in these markets fluctuates significantly, driven by consumer spending, consumer preferences, the development of new technologies and prevailing economic conditions. In addition, the specific products in which our semiconductors are incorporated may not be successful, or may experience price erosion or other competitive factors that affect the price manufacturers are willing to pay us. Such customers have in the past, and may in the future, vary order levels significantly from period to period, request postponements to scheduled delivery dates, modify their orders or reduce lead times. This is particularly common during periods of low demand. This can make managing our business difficult, as it limits the predictability of future revenue. It can also affect the accuracy of our financial forecasts. Furthermore, developing industry trends, including customers' use of outsourcing and new and revised supply chain models, may affect our revenue, costs and working capital requirements. Additionally, a significant portion of our products is made to order.

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If customers do not purchase products made specifically for them, we may not be able to resell such products to other customers or may not be able to require the customers who have ordered these products to pay a cancellation fee. The foregoing risks could have a material adverse effect on our business, financial condition and results of operations.

The semiconductor industry is characterized by continued price erosion, especially after a product has been on the market.

One of the results of the rapid innovation in the semiconductor industry is that pricing pressure, especially on products containing older technology, can be intense. Product life cycles are relatively short, and as a result, products tend to be replaced by more technologically advanced substitutes on a regular basis.

In turn, demand for older technology falls, causing the price at which such products can be sold to drop, in some cases precipitously. In order to continue profitably supplying these products, we must reduce our production costs in line with the lower revenue we can expect to generate per unit. Usually, this must be accomplished through improvements in process technology and production efficiencies. If we cannot advance our process technologies or improve our efficiencies to a degree sufficient to maintain required margins, we will no longer be able to make a profit from the sale of these products. Moreover, we may not be able to cease production of such products, either due to contractual obligations or for customer relationship reasons, and as a result may be required to bear a loss on such products. We cannot guarantee that competition in our core product markets will not lead to price erosion, lower revenue or lower margins in the future. Should reductions in our manufacturing costs fail to keep pace with reductions in market prices for the products we sell, this could have a material adverse effect on our business, financial condition and results of operations.

Goodwill and other identifiable intangible assets represent a significant portion of our total assets, and we may never realize the full value of our intangible assets.

Goodwill and other identifiable intangible assets are recorded at fair value on the date of an acquisition. As a result of our acquisition of Freescale, we recognized goodwill of approximately \$7.4 billion and intangible assets of approximately \$8.5 billion. We review our goodwill and other intangible assets balance for impairment upon any indication of a potential impairment, and in the case of goodwill, at a minimum of once a year. Impairment may result from, among other things, a sustained decrease in share price, deterioration in performance, adverse market conditions, adverse changes in applicable laws or regulations, including changes that restrict the activities of or affect the products and services we sell, challenges to the validity of certain registered intellectual property, reduced sales of certain products incorporating registered intellectual property and a variety of other factors. The amount of any quantified impairment must be expensed immediately as a charge to results of operations. Depending on future circumstances, it is possible that we may never realize the full value of our intangible assets. Any future determination of impairment of goodwill or other identifiable intangible assets could have a material adverse effect on our financial position, results of operations and stockholders' equity.

As our business is global, we need to comply with laws and regulations in countries across the world and are exposed to international business risks that could adversely affect our business.

We operate globally, with manufacturing, assembly and testing facilities in several continents, and we market our products globally.

As a result, we are subject to environmental, labor and health and safety laws and regulations in each jurisdiction in which we operate. We are also required to obtain environmental permits and other authorizations or licenses from governmental authorities for certain of our operations and have to protect our intellectual property worldwide. In the jurisdictions where we operate, we need to comply with differing standards and varying practices of regulatory, tax, judicial and administrative bodies.

In addition, the business environment is also subject to many economic and political uncertainties, including the following international business risks:

- negative economic developments in economies around the world and the instability of governments, such as the sovereign debt crisis in certain European countries;
- social and political instability in a number of countries around the world, including continued hostilities and civil unrest in the Middle East. The instability may have a negative effect on our business, financial condition and operations via our customers and volatility in energy prices and the financial markets;
- potential terrorist attacks;
- epidemics and pandemics, which may adversely affect our workforce, as well as our local suppliers and customers in particular in Asia;
- adverse changes in governmental policies, especially those affecting trade and investment;
- our customers or other groups of stakeholders might impose requirements that are more stringent than the laws in the countries in which we are active;
- volatility in foreign currency exchange rates, in particular with respect to the U.S. dollar, and transfer restrictions, in particular in Greater China; and
- threats that our operations or property could be subject to nationalization and expropriation.

No assurance can be given that we have been or will be at all times in complete compliance with the laws and regulations to which we are subject or that we have obtained or will obtain the permits and other authorizations or licenses that we need. If we violate or fail to comply with laws, regulations, permits and other authorizations or licenses, we could be fined or otherwise sanctioned by regulators. In this case, or if any of the international business risks were to materialize or become worse, they could have a material adverse effect on our business, financial condition and results of operations.

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In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, further increasing legal and financial compliance costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure.

Interruptions in our information technology systems could adversely affect our business.

We rely on the efficient and uninterrupted operation of complex information technology applications, systems and networks to operate our business. The reliability and security of our information technology infrastructure and software, and our ability to expand and continually update technologies in response to our changing needs is critical to our business. Any significant interruption in our business applications, systems or networks, including but not limited to new system implementations, computer viruses, cyberattacks, security breaches, facility issues or energy blackouts could have a material adverse impact on our business, financial condition and results of operations.

Our computer systems and networks are subject to attempted security breaches and other cybersecurity incidents, which, if successful, could impact our business.

We have, from time to time, experienced attempted cyber-attacks of varying degrees to obtain access to our computer systems and networks. As of the date of this Annual Report, no such attacks have succeeded in obtaining access to our critical systems. However, such attacks may be successful in the future. Cyber-attacks could result in the misappropriation of our proprietary information and technology, the compromise of personal and confidential information of our employees, customers or suppliers or interrupt our business. In the current environment, there are numerous and evolving risks to cybersecurity and privacy, including criminal hackers, state-sponsored intrusions, industrial espionage, employee malfeasance, and human or technological error. Computer hackers and others routinely attempt to breach the security of technology products, services, and systems, and those of customers, suppliers, and some of those attempts may be successful. Such breaches could result in, for example, unauthorized access to, disclosure, modification, misuse, loss, or destruction of our, our customer, or other third party data or systems, theft of sensitive or confidential data including personal information and intellectual property, system disruptions, and denial of service. In the event of such breaches, we, our customers or other third parties could be exposed to potential liability, litigation, and regulatory action, as well as the loss of existing or potential customers, damage to our reputation, and other financial loss. In addition, the cost and operational consequences of responding to breaches and implementing remediation measures could be significant. As these threats continue to develop and grow, we have been adapting the security measures and we continue to increase the amount we allocate to implement, maintain and/or update security systems to protect data and infrastructure. As a global enterprise, we could also be impacted by existing and proposed laws and regulations, as well as government policies and practices related to cybersecurity, privacy and data protection. Additionally, cyber-attacks or other catastrophic events resulting in disruptions to or failures in power, information technology, communication systems or other critical infrastructure could result in interruptions or delays to us, our customers, or other third party operations or services, financial loss, potential liability, and damage our reputation and affect our relationships with our customers and suppliers.

In difficult market conditions, our high fixed costs combined with low revenue may negatively affect our results of operations.

The semiconductor industry is characterized by high fixed costs and, notwithstanding our utilization of third-party manufacturing capacity, most of our production requirements are met by our own manufacturing facilities. In less favorable industry environments, like we faced in the second half in 2011, we are generally faced with a decline in the utilization rates of our manufacturing facilities due to decreases in demand for our products. During such periods, our fabrication plants could operate at lower loading level, while the fixed costs associated with the full capacity continue to be incurred, resulting in lower gross profit.

The semiconductor industry is capital intensive and if we are unable to invest the necessary capital to operate and grow our business, we may not remain competitive.

To remain competitive, we must constantly improve our facilities and process technologies and carry out extensive research and development, each of which requires investment of significant amounts of capital. This risk is magnified by the indebtedness we currently have, since we are required to use a portion of our cash flow to service that debt. If we are unable to generate sufficient cash flow or raise sufficient capital to meet both our debt service and capital investment requirements, or if we are unable to raise required capital on favorable terms when needed, this could have a material adverse effect on our business, financial condition and results of operations.

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We rely to a significant extent on proprietary intellectual property. We may not be able to protect this intellectual property against improper use by our competitors or others.

Our success and future revenue growth depends, in part, on our ability to protect our proprietary technology, our products, our proprietary designs and fabrication processes, and other intellectual property against misappropriation by others. We primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect our intellectual property. We may have difficulty obtaining patents and other intellectual property rights to protect our proprietary products, technology and intellectual property, and the patents and other intellectual property rights we receive may be insufficient to provide us with meaningful protection or commercial advantage. We may not be able to obtain patent protection or secure other intellectual property rights in all the countries in which we operate, and under the laws of such countries, patents and other intellectual property rights may be or become unavailable or limited in scope. Even if new patents are issued, the claims allowed may not be sufficiently broad to effectively protect our proprietary technology, processes and other intellectual property. In addition, any of our existing patents, and any future patents issued to us may be challenged, invalidated or circumvented. The protection offered by intellectual property rights may be inadequate or weakened for reasons or circumstances that are out of our control. Further, our proprietary technology, designs and processes and other intellectual property may be vulnerable to disclosure or misappropriation by employees, contractors and other persons. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose our proprietary technologies, our products, designs, processes and other intellectual property despite our efforts to protect our intellectual property. While we hold a significant number of patents, there can be no assurances that additional patents will be issued or that any rights granted under our patents will provide meaningful protection against misappropriation of our intellectual property. Our competitors may also be able to develop similar technology independently or design around our patents. We may not have foreign patents or pending applications corresponding to all of our primary patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. In particular, intellectual property rights are difficult to enforce in some countries, since the application and enforcement of the laws governing such rights may not have reached the same level as compared to other jurisdictions where we operate, such as the United States, Germany and the Netherlands. Consequently, operating in some countries may subject us to an increased risk that unauthorized parties may attempt to copy or otherwise use our intellectual property or the intellectual property of our suppliers or other parties with whom we engage. There is no assurance that we will be able to protect our intellectual property rights or have adequate legal recourse in the event that we seek legal or judicial enforcement of our intellectual property rights under the laws of such countries. Any inability on our part to adequately protect our intellectual property may have a material adverse effect on our business, financial condition and results of operations.

We may become party to intellectual property claims or litigation that could cause us to incur substantial costs, pay substantial damages or prohibit us from selling our products.

We have from time to time received, and may in the future receive, communications alleging possible infringement of patents and other intellectual property rights of others. Further, we may become involved in costly litigation brought against us regarding patents, copyrights, trademarks, trade secrets or other intellectual property rights. If any such claims are asserted against us, we may seek to obtain a license under the third party's intellectual property rights. We cannot assure you that we will be able to obtain any or all of the necessary licenses on satisfactory terms, if at all. In the event that we cannot obtain or take the view that we don't need a license, these parties may file lawsuits against us seeking damages (and potentially treble damages in the United States) or an injunction against the sale of our products that incorporate allegedly infringed intellectual property or against the operation of our business as presently conducted. Such lawsuits, if successful, could result in an increase in the costs of selling certain of our products, our having to partially or completely redesign our products or stop the sale of some of our products and could cause damage to our reputation. Any litigation could require significant financial and management resources regardless of the merits or outcome, and we cannot assure you that we would prevail in any litigation or that our intellectual property rights can be successfully asserted in the future or will not be invalidated, circumvented or challenged. The award of damages, including material royalty payments, or the entry of an injunction against the manufacture and sale of some or all of our products, could affect our ability to compete or have a material adverse effect on our business, financial condition and results of operations.

We rely on strategic partnerships, joint ventures and alliances for manufacturing and research and development. However, we often do not control these partnerships and joint ventures, and actions taken by any of our partners or the termination of these partnerships or joint ventures could adversely affect our business.

As part of our strategy, we have entered into a number of long-term strategic partnerships with other leading industry participants. For example, we have entered into a joint venture with Taiwan Semiconductor Manufacturing Company Limited ("TSMC") called Systems on Silicon Manufacturing Company Pte. Ltd. ("SSMC"). We have also established Advanced Semiconductor Manufacturing Corporation Limited ("ASMC") together with a number of Chinese partners. Furthermore, together with Advanced Semiconductor Engineering Inc. ("ASE"), we established the assembly and test joint venture ASEN Semiconductors Co. Ltd. ("ASEN"). In 2015, we established WeEn Semiconductors, a Bipolar joint venture in China with JianGuang Asset Management Co, Ltd. See Part I, Item 4B.-*Business Overview*, "Other Significant Transactions".

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If any of our strategic partners in industry groups or in any of the other alliances we engage with were to encounter financial difficulties or change their business strategies, they may no longer be able or willing to participate in these groups or alliances, which could have a material adverse effect on our business, financial condition and results of operations. We do not control some of these strategic partnerships, joint ventures and alliances in which we participate. We may also have certain obligations, including some limited funding obligations or take or pay obligations, with regard to some of our strategic partnerships, joint ventures and alliances. For example, we have made certain commitments to SSMC, in which we have a 61.2% ownership share, whereby we are obligated to make cash payments to SSMC should we fail to utilize, and TSMC does not utilize, an agreed upon percentage of the total available capacity at SSMC's fabrication facilities if overall SSMC utilization levels drop below a fixed proportion of the total available capacity.

Notwithstanding the recent closing of the Merger, we may continue to make other acquisitions and engage in other transactions to complement or expand our existing businesses. However, we may not be successful in acquiring other suitable targets or we may not be successful in integrating Freescale or any such other target into our operations. Any acquisitions we make may lead to a diversion of management resources.

Our future success may depend on acquiring businesses and technologies, making investments or forming joint ventures that complement, enhance or expand our current portfolio or otherwise offer us growth opportunities. We may engage in acquisitions or strategic transactions or make strategic investments that could adversely affect our financial results or fail to enhance stockholder value. On December 7, 2015, we completed the Merger with Freescale. In pursuing further acquisitions, we may face competition from other companies in the semiconductor industry. We may have to expend substantial amounts of cash, incur debt, assume loss-making divisions and incur other types of expenses in order to pursue such further acquisitions. Our acquisitions or strategic investments may not generate financial returns or result in increased adoption or continued use of our technologies, products or services. In some cases, we may be required to consolidate or record our share of the earnings or losses of companies in which we have acquired ownership interests. In addition, we may record impairment charges related to our acquisitions or strategic investments. Any losses or impairment charges that we incur related to strategic investments or other transactions will have a negative impact on our financial results, and we may continue to incur new or additional losses related to strategic assets or investments that we have not fully impaired or exited.

Achieving the anticipated benefits of business acquisitions depends in part upon our ability to integrate the acquired businesses in an efficient and effective manner. The integration of companies that have previously operated independently involves significant challenges, including, among others: retaining key employees; successfully integrating new employees, business systems, technology and products; retaining customers and suppliers of the acquired business; consolidating research and development and/or supply operations; minimizing the diversion of management's attention from ongoing business matters; and consolidating corporate and administrative infrastructures. We may not derive any commercial value from acquired technologies or products or from future technologies or products based on the acquired technologies, and we may be subject to liabilities that are not covered by indemnification protection that we may obtain, or we may become subject to litigation. We may also face challenges in successfully integrating Freescale or any such other acquired companies into our existing organization or in creating the anticipated cost synergies. Each of these risks could have a material adverse effect on our business, financial condition and results of operations.

We may from time to time desire to exit certain product lines or businesses, or to restructure our operations, but may not be successful in doing so.

From time to time, we may decide to divest certain product lines and businesses or restructure our operations, including through the contribution of assets to joint ventures. We have, in recent years, exited several of our product lines and businesses, and we have closed several of our manufacturing and research facilities. We may continue to do so in the future. However, our ability to successfully exit product lines and businesses, or to close or consolidate operations, depends on a number of factors, many of which are outside of our control. For example, if we are seeking a buyer for a particular business line, none may be available, or we may not be successful in negotiating satisfactory terms with prospective buyers. In addition, we may face internal obstacles to our efforts. In particular, several of our operations and facilities are subject to collective bargaining agreements and social plans or require us to consult with our employee representatives, such as work councils which may prevent or complicate our efforts to sell or restructure our businesses. In some cases, particularly with respect to our European operations, there may be laws or other legal impediments affecting our ability to carry out such sales or restructuring.

If we are unable to exit a product line or business in a timely manner, or to restructure our operations in a manner we deem to be advantageous, this could have a material adverse effect on our business, financial condition and results of operations. Even if a divestment is successful, we may face indemnity and other liability claims by the acquirer or other parties.

We may from time to time restructure parts of our processes. Any such restructuring may impact customer satisfaction and the costs of implementation may be difficult to predict.

Between 2008 and 2011, we executed a redesign program and, in 2013 we executed a restructuring initiative designed to improve operational efficiency and to competitively position the company for sustainable growth. In 2015, we began a restructuring initiative to prepare for and implement the integration of Freescale into our existing businesses. We plan to continue to restructure and make changes to parts of the processes in our organization. Furthermore, if the global economy remains volatile or if the global economy reenters a deeper and longer lasting recession, our revenues could decline, and we may be forced to take additional cost savings steps that could result in additional charges and materially affect our business. The costs of implementing any restructurings, changes or cost savings steps may differ from our estimates and any negative impacts on our revenues or otherwise of such restructurings, changes or steps, such as situations in which customer satisfaction is negatively impacted, may be larger than originally estimated.

If we fail to extend or renegotiate our collective bargaining agreements and social plans with our labor unions as they expire from time to time, if regular or statutory consultation processes with employee representatives such as works councils fail or are delayed, or if our unionized employees were to engage in a strike or other work stoppage, our business and operating results could be materially harmed.

We are a party to collective bargaining agreements and social plans with our labor unions. We are also required to consult with our employee representatives, such as works councils, on items such as restructurings, acquisitions and divestitures. Although we believe that our relations with our employees, employee representatives and unions are satisfactory, no assurance can be given that we will be able to successfully extend or renegotiate these agreements as they expire from time to time or to conclude the consultation processes in a timely and favorable way. The impact of future negotiations and consultation processes with employee representatives could have a material impact on our financial results. Also, if we fail to extend or renegotiate our labor agreements and social plans, if significant disputes with our unions arise, or if our unionized workers engage in a strike or other work stoppage, we could incur higher ongoing labor costs or experience a significant disruption of operations, which could have a material adverse effect on our business.

Our working capital needs are difficult to predict.

Our working capital needs are difficult to predict and may fluctuate. The comparatively long period between the time at which we commence development of a product and the time at which it may be delivered to a customer leads to high inventory and work-in-progress levels. The volatility of our customers' own businesses and the time required to manufacture products also makes it difficult to manage inventory levels and requires us to stockpile products across many different specifications.

Our business may be adversely affected by costs relating to product defects, and we could be faced with product liability and warranty claims.

We make highly complex electronic components and, accordingly, there is a risk that defects may occur in any of our products. Such defects can give rise to significant costs, including expenses relating to recalling products, replacing defective items, writing down defective inventory and loss of potential sales. In addition, the occurrence of such defects may give rise to product liability and warranty claims, including liability for damages caused by such defects. If we release defective products into the market, our reputation could suffer and we may lose sales opportunities and incur liability for damages. Moreover, since the cost of replacing defective semiconductor devices is often much higher than the value of the devices themselves, we may at times face damage claims from customers in excess of the amounts they pay us for our products, including consequential damages. We also face exposure to potential liability resulting from the fact that our customers typically integrate the semiconductors we sell into numerous consumer products, which are then sold into the marketplace. We are exposed to product liability claims if our semiconductors or the consumer products based on them malfunction and result in personal injury or death. We may be named in product liability claims even if there is no evidence that our products caused the damage in question, and such claims could result in significant costs and expenses relating to attorneys' fees and damages. In addition, our customers may recall their products if they prove to be defective or make compensatory payments in accordance with industry or business practice or in order to maintain good customer relationships. If such a recall or payment is caused by a defect in one of our products, our customers may seek to recover all or a portion of their losses from us. If any of these risks materialize, our reputation would be harmed and there could be a material adverse effect on our business, financial condition and results of operations.

Our business has suffered, and could in the future suffer, from manufacturing problems.

We manufacture, in our own factories as well as with third parties, our products using processes that are highly complex, require advanced and costly equipment and must continuously be modified to improve yields and performance. Difficulties in the production process can reduce yields or interrupt production, and, as a result of such problems, we may on occasion not be able to deliver products or do so in a timely or cost-effective or competitive manner. As the complexity of both our products and our fabrication processes has become more advanced, manufacturing tolerances have been reduced and requirements for precision have become more demanding. As is common in the semiconductor industry, we have in the past experienced manufacturing difficulties that have given rise to delays in delivery and quality control problems. There can be no assurance that any such occurrence in the future would not materially harm our results of operations. Further, we may suffer disruptions in our manufacturing operations, either due to production difficulties such as those described above or as a result of external factors beyond our control. We may, in the future, experience manufacturing difficulties or permanent or temporary loss of manufacturing capacity due to the preceding or other risks. Any such event could have a material adverse effect on our business, financial condition and results of operations.

We rely on the timely supply of equipment and materials and could suffer if suppliers fail to meet their delivery obligations or raise prices. Certain equipment and materials needed in our manufacturing operations are only available from a limited number of suppliers.

Our manufacturing operations depend on deliveries of equipment and materials in a timely manner and, in some cases, on a just-in-time basis. From time to time, suppliers may extend lead times, limit the amounts supplied to us or increase prices due to capacity constraints or other factors. Supply disruptions may also occur due to shortages in critical materials, such as silicon wafers or specialized chemicals. Because the equipment that we purchase is complex, it is frequently difficult or impossible for us to substitute one piece of equipment for another or replace one type of material with another. A failure by our suppliers to deliver our requirements could result in disruptions to our manufacturing operations. Our business, financial condition and results of operations could be harmed if we are unable to obtain adequate supplies of quality equipment or materials in a timely manner or if there are significant increases in the costs of equipment or materials.

Failure of our third party suppliers to perform could adversely affect our ability to exploit growth opportunities.

We currently use outside suppliers for a portion of our manufacturing capacity. Outsourcing our production presents a number of risks. If our outside suppliers are unable to satisfy our demand, or experience manufacturing difficulties, delays or reduced yields, our results of operations and ability to satisfy customer demand could suffer. In addition, purchasing rather than manufacturing these products may adversely affect our gross profit margin if the purchase costs of these products are higher than our own manufacturing costs would have been. Prices for foundry products also vary depending on capacity utilization rates at our suppliers, quantities demanded, product technology and geometry. Furthermore, these outsourcing costs can vary materially from quarter to quarter and, in cases of industry shortages, they can increase significantly, negatively affecting our gross profit.

Loss of our key management and other personnel, or an inability to attract such management and other personnel, could affect our business.

We depend on our key management to run our business and on our senior engineers to develop new products and technologies. Our success will depend on the continued service of these individuals. Although we have several share based compensation plans in place, we cannot be sure that these plans will help us in our ability to retain key personnel, especially considering the fact that the stock options under some of our plans become exercisable upon a change of control (in particular, when a third party, or third parties acting in concert, obtains, whether directly or indirectly, control of us). The loss of any of our key personnel, whether due to departures, death, ill health or otherwise, could have a material adverse effect on our business. The market for qualified employees, including skilled engineers and other individuals with the required technical expertise to succeed in our business, is highly competitive and the loss of qualified employees or an inability to attract, retain and motivate the additional highly skilled employees required for the operation and expansion of our business could hinder our ability to successfully conduct research activities or develop marketable products. The foregoing risks could have a material adverse effect on our business.

Disruptions in our relationships with any one of our key customers could adversely affect our business.

A substantial portion of our revenue is derived from our top customers, including our distributors. We cannot guarantee that we will be able to generate similar levels of revenue from our largest customers in the future. If one or more of these customers substantially reduce their purchases from us, this could have a material adverse effect on our business, financial condition and results of operations.

We receive subsidies and grants in certain countries, and a reduction in the amount of governmental funding available to us or demands for repayment could increase our costs and affect our results of operations.

As is the case with other large semiconductor companies, we receive subsidies and grants from governments in some countries. These programs are subject to periodic review by the relevant governments, and if any of these programs are curtailed or discontinued, this could have a material adverse effect on our business, financial condition and results of operations. As the availability of government funding is outside our control, we cannot guarantee that we will continue to benefit from government support or that sufficient alternative funding will be available if we lose such support. Moreover, if we terminate any activities or operations, including strategic alliances or joint ventures, we may face adverse actions from the local governmental agencies providing such subsidies to us. In particular, such government agencies could seek to recover such subsidies from us and they could cancel or reduce other subsidies we receive from them. This could have a material adverse effect on our business, financial condition and results of operations.

Legal proceedings covering a range of matters are pending in various jurisdictions. Due to the uncertainty inherent in litigation, it is difficult to predict the final outcome. An adverse outcome might affect our results of operations.

We and certain of our businesses are involved as plaintiffs or defendants in legal proceedings in various matters. For example, we are involved in legal proceedings claiming personal injuries to the children of former employees as a result of employees' alleged exposure to chemicals used in semiconductor manufacturing clean room environments operated by us or our former parent companies Philips and Motorola. Furthermore, because we continue to utilize these clean rooms, we may become subject to future claims alleging personal injury that may lead to additional liability. A judgment against us or material defense cost could harm our business, financial condition and results of operations.

We are exposed to a variety of financial risks, including currency risk, interest rate risk, liquidity risk, commodity price risk, credit risk and other non-insured risks, which may have an adverse effect on our financial results.

We are a global company and, as a direct consequence, movements in the financial markets may impact our financial results. We are exposed to a variety of financial risks, including currency fluctuations, interest rate risk, liquidity risk, commodity price risk and credit risk and other non-insured risks. We have euro-denominated assets and liabilities and, since our reporting currency is the U.S. dollar, the impact of currency translation adjustments to such assets and liabilities may have a negative effect on our stockholders' equity. We continue to hold or convert a part of our cash in euros as a hedge for euro expenses and euro interest payments. We are exposed to fluctuations in exchange rates when we convert U.S. dollars to euro. We enter into diverse financial transactions with several counterparties to mitigate our currency risk. We only use derivative instruments for hedging purposes. The U.S. dollar-denominated debt issued by us and our subsidiary, NXP B.V., with functional currency euro may generate adverse currency results in our financial income and expenses. Part of this effect is mitigated due to the application of net investment hedge accounting, since May 2011, pursuant to which the currency results on (part of) the U.S. dollar-denominated debt is reported as part of other comprehensive income within equity instead of financial income and expense in the Consolidated Statements of Operations. Absent the application of net investment hedge accounting, we would have recorded an additional charge of \$190 million, before tax, within financial income and expense in the 2015 statement of operations. As of January 1, 2016, as a result of the acquisition of Freescale, NXP has concluded that the functional currency of the holding company is USD. Beginning from January 1, 2016, our U.S. dollar-denominated notes and short-term loans will no longer need to be re-measured.

We are also a purchaser of certain base metals, precious metals, chemicals and energy used in the manufacturing process of our products, the prices of which can be volatile. Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform upon their agreed payment obligations. Credit risk is present within our trade receivables. Such exposure is reduced through ongoing credit evaluations of the financial conditions of our customers and by adjusting payment terms and credit limits when appropriate. We invest available cash and cash equivalents with various financial institutions and are in that respect exposed to credit risk with these counterparties. We actively manage concentration risk on a daily basis adhering to a treasury management policy. We seek to limit the financial institutions with which we enter into financial transactions, such as depositing cash, to those with a strong credit rating wherever possible. If we are unable to successfully manage these risks, they could have a material adverse effect on our business, financial condition and results of operations.

The impact of a negative performance of financial markets and demographic trends on our defined benefit pension liabilities and costs cannot be predicted.

We sponsor defined benefit pension plans in a number of countries and a significant number of our employees are covered by our defined benefit pension plans. As of December 31, 2015, we had recognized a net accrued benefit liability of \$371 million, representing the unfunded benefit obligations of our defined pension plans. The funding status and the liabilities and costs of maintaining these defined benefit pension plans may be impacted by financial market developments. For example, the accounting for such plans requires determining discount rates, expected rates of compensation and expected returns on plan assets, and any changes in these variables can have a significant impact on the projected benefit obligations and net periodic pension costs. Negative performance of the financial markets could also have a material impact on funding requirements and net periodic pension costs. Our defined benefit pension plans may also be subject to demographic trends. Accordingly, our costs to meet pension liabilities going forward may be significantly higher than they are today, which could have a material adverse impact on our financial condition.

Changes in the tax deductibility of interest may adversely affect our financial position and our ability to service the obligations under our indebtedness.

Effective January 1, 2013 certain new limitations apply to the tax deductibility of interest expense in the Netherlands. A Dutch company that is considered to be financed with excessive debt, may not be entitled to deduct interest expense on such excessive debt. Existing debt is not grandfathered under these rules. The measurement of whether there is excessive debt is based on arithmetic tests based on the amount of equity of the company in relation to the acquisition cost of and capital invested in the Netherlands and foreign subsidiaries of the Netherlands consolidated group. When the equity of the company is below a certain minimum threshold, the company may be considered to have excessive debt. Certain safe harbor rules apply when new operational businesses are acquired by the company. Even though these limitations on tax deductibility have not yet impacted us, the application of the potential limitation on tax deductibility of interest expense in the future may adversely affect our financial position and our ability to service the obligations under our indebtedness.

We are exposed to a number of different tax uncertainties, which could have an impact on tax results.

We are required to pay taxes in multiple jurisdictions. We determine the taxes we are required to pay based on our interpretation of the applicable tax laws and regulations in the jurisdictions in which we operate. We may be subject to unfavorable changes in the respective tax laws and regulations to which we are subject. Tax controls, audits, change in controls and changes in tax laws or regulations or the interpretation given to them may expose us to negative tax consequences, including interest payments and potentially penalties. We have issued transfer-pricing directives in the areas of goods, services and financing, which are in accordance with the Guidelines of the Organization of Economic Co-operation and Development (OECD). As transfer pricing has a cross border effect, the focus of local tax authorities on implemented transfer pricing procedures in a country may have an impact on results in another country.

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Transfer pricing uncertainties can also result from disputes with local tax authorities about transfer pricing of internal deliveries of goods and services or related to financing, acquisitions and divestments, the use of tax credits and permanent establishments, and tax losses carried forward. These uncertainties may have a significant impact on local tax results. We also have various tax assets resulting from acquisitions. Tax assets can also result from the generation of tax losses in certain legal entities. Tax authorities may challenge these tax assets. In addition, the value of the tax assets resulting from tax losses carried forward depends on having sufficient taxable profits in the future.

There may from time to time exist deficiencies in our internal control systems that could adversely affect the accuracy and reliability of our periodic reporting.

We are required to establish and periodically assess the design and operating effectiveness of our internal control over financial reporting. Despite the compliance procedures that we have adopted to ensure internal control over financial controls, there may from time to time exist deficiencies in our internal control systems that could adversely affect the accuracy and reliability of our periodic reporting. Our periodic reporting is the basis of investors' and other market professionals' understanding of our businesses. Imperfections in our periodic reporting could create uncertainty regarding the reliability of our results of operations and financial results, which in turn could have a material adverse impact on our reputation or share price.

Environmental laws and regulations expose us to liability and compliance with these laws and regulations, and any such liability may adversely affect our business.

We are subject to many environmental, health and safety laws and regulations in each jurisdiction in which we operate, which govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. We are also required to obtain environmental permits from governmental authorities for certain of our operations. We cannot assure you that we have been or will be at all times in complete compliance with such laws, regulations and permits. If we violate or fail to comply with these laws, regulations or permits, we could be fined or otherwise sanctioned by regulators.

As with other companies engaged in similar activities or that own or operate real property, we face inherent risks of environmental liability at our current and historical manufacturing facilities. Certain environmental laws impose strict, and in certain circumstances, joint and several liability on current or previous owners or operators of real property for the cost of investigation, removal or remediation of hazardous substances as well as liability for related damages to natural resources. Certain of these laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated. While we do not expect that any contamination currently known to us will have a material adverse effect on our business, we cannot assure you that this is the case or that we will not discover new facts or conditions or that environmental laws or the enforcement of such laws will not change such that our liabilities would be increased significantly. In addition, we could also be held liable for consequences arising out of human exposure to hazardous substances or other environmental damage. In summary, we cannot assure you that our costs of complying with current and future environmental and health and safety laws, or our liabilities arising from past or future releases of, or exposures to, regulated materials, will not have a material adverse effect on our business, financial conditions and results of operations.

Scientific examination of, political attention to and rules and regulations on issues surrounding the existence and extent of climate change may result in an increase in the cost of production due to increase in the prices of energy and introduction of energy or carbon tax. A variety of regulatory developments have been introduced that focus on restricting or managing the emission of carbon dioxide, methane and other greenhouse gases. Enterprises may need to purchase at higher costs new equipment or raw materials with lower carbon footprints. Environmental laws and regulations could also require us to acquire pollution abatement or remediation equipment, modify product designs, or incur expenses. New materials that we are evaluating for use in our operations may become subject to regulation. These developments and further legislation that is likely to be enacted could affect our operations negatively. Changes in environmental regulations could increase our production and operational costs, which could adversely affect our results of operations and financial condition.

Certain natural disasters, such as flooding, large earthquakes, volcanic eruptions or nuclear or other disasters, may negatively impact our business. There is increasing concern that climate change is occurring and may cause a rising number of natural disasters.

Environmental and other disasters, such as flooding, large earthquakes, volcanic eruptions or nuclear or other disasters, or a combination thereof may negatively impact our business. If flooding, a large earthquake, volcanic eruption or other natural disaster were to directly damage, destroy or disrupt our manufacturing facilities, it could disrupt our operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would negatively impact our business. Even if our manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels or supply chains and significant increases in the prices of raw materials used for our manufacturing process. For instance, the nuclear incident following the tsunami in Japan in 2011 impacted the supply chains of our customers and suppliers. Furthermore, any disaster affecting our customers (or their respective customers) may significantly negatively impact the demand for our products and our revenues.

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The impact of any such natural disasters depends on the specific geographic circumstances but could be significant, as some of our factories are located in areas with known earthquake fault zones, flood or storm risks, including but not limited to the Philippines, Singapore, Taiwan, Malaysia or Thailand. There is increasing concern that climate change is occurring that may cause a rising number of natural disasters with potentially dramatic effects on human activity. We cannot predict the economic impact, if any, of natural disasters or climate change.

The price of our common stock historically has been volatile. The price of our common stock may fluctuate significantly.

The stock market in recent years has experienced significant price and volume fluctuations that have often been unrelated to the operating performance of companies. The market price for our common stock has varied between a high of \$114.00 on June 1, 2015 and a low of \$72.05 on August 24, 2015 in the twelve-month period ending on December 31, 2015. The market price of our common stock is likely to continue to be volatile and subject to significant price and volume fluctuations for many reasons, including in response to the risks described in this section, or for reasons unrelated to our operations, such as reports by industry analysts, investor perceptions or negative announcements by our customers, competitors, peer companies or suppliers regarding their own performance, or announcements by our competitors of significant contracts, market perception of the Merger with Freescale or other acquisitions, strategic partnerships, joint ventures, joint marketing relationships or capital commitments, the passage of legislation or other regulatory developments affecting us or our industry, as well as industry conditions and general financial, economic and political instability. In the past, following periods of market volatility, shareholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

The Merger may not be accretive and may cause dilution to our earnings per share, which may harm the market price of our shares of common stock.

We entered into the Merger with the expectation that it will be accretive to earnings per share in the near term. This expectation is based on preliminary estimates which may materially change. We could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all of the benefits anticipated in the Merger. All of these factors could cause dilution to our earnings per share or decrease or delay the expected accretive effect of the Merger and cause a decrease in the price of our shares of common stock.

Future sales of our shares of common stock could depress the market price of our outstanding shares of common stock.

The market price of our shares of common stock could decline as a result of sales of a large number of shares of our common stock in the market, or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

In the future, we may issue additional shares of common stock in connection with acquisitions and other investments, as well as in connection with our current or any revised or new equity plans for management and other employees. The amount of our common stock issued in connection with any such transaction could constitute a material portion of our then outstanding common stock.

Our actual operating results may differ significantly from our guidance.

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in such release and the factors described under "Forward-Looking Statements". Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Our guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future the data is forecasted. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy, or the occurrence of any of the events or circumstances set forth in, or incorporated by reference into, this Annual Report could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

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Charges to earnings resulting from the application of the purchase method of accounting in relation to the Merger may adversely affect the market value of our shares of common stock.

We have acquired Freescale for accounting purposes in accordance with U.S. GAAP and will account for the Merger using the acquisition method of accounting, which will result in charges to our earnings that could adversely affect the market value of our shares of common stock. Under the acquisition method of accounting, we will allocate the total purchase price to the assets acquired and liabilities assumed from Freescale based on their fair values as of the date of the completion of the Merger, and record any excess of the purchase price over those fair values as goodwill. For certain tangible and intangible assets, reevaluating their fair values as of the completion date of the Merger will result in our incurring additional depreciation and/or amortization expense that exceed the combined amounts recorded by NXP and Freescale prior to the Merger. This increased expense will be recorded by us over the remaining useful lives of the underlying assets. In addition, to the extent the value of goodwill or intangible assets were to become impaired, we may be required to incur charges relating to the impairment of those assets.

Risks related to our corporate structure

United States civil liabilities may not be enforceable against us.

We are incorporated under the laws of the Netherlands and substantial portions of our assets are located outside of the United States. In addition, certain members of our board, our officers and certain experts named herein reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. laws.

In the absence of an applicable treaty for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters to which the United States and the Netherlands are a party, a judgment obtained against the Company in the courts of the United States, whether or not predicated solely upon the U.S. federal securities laws, including a judgment predicated upon the civil liability provisions of the U.S. securities law or securities laws of any State or territory within the United States, will not be directly enforceable in the Netherlands.

In order to obtain a judgment which is enforceable in the Netherlands, the claim must be relitigated before a competent court of the Netherlands; the relevant Netherlands court has discretion to attach such weight to a judgment of the courts of the United States as it deems appropriate; based on case law, the courts of the Netherlands may be expected to recognize and grant permission for enforcement of a judgment of a court of competent jurisdiction in the United States without re-examination or relitigation of the substantive matters adjudicated thereby, provided that (i) the relevant court in the United States had jurisdiction in the matter in accordance with standards which are generally accepted internationally; (ii) the proceedings before that court complied with principles of proper procedure; (iii) recognition and/or enforcement of that judgment does not conflict with the public policy of the Netherlands; and (iv) recognition and/or enforcement of that judgment is not irreconcilable with a decision of a Dutch court rendered between the same parties or with an earlier decision of a foreign court rendered between the same parties in a dispute that is about the same subject matter and that is based on the same cause, provided that earlier decision can be recognized in the Netherlands.

Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or members of our board of directors, officers or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters.

In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named herein in an original action predicated solely upon the U.S. laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts, respectively.

We are a Dutch public company with limited liability. The rights of our stockholders may be different from the rights of stockholders governed by the laws of U.S. jurisdictions.

We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of stockholders and the responsibilities of members of our board of directors may be different from the rights and obligations of stockholders in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board of directors is required by Dutch law to consider the interests of our company, its stockholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a stockholder. See Part II, Item 16G. *Corporate Governance*.

Our articles of association, Dutch corporate law and our current and future debt instruments contain provisions that may discourage a takeover attempt.

Provisions contained in our articles of association and the laws of the Netherlands, the country in which we are incorporated, could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. Provisions of our articles of association impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions.

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On June 2, 2015, our general meeting of shareholders has empowered our board of directors to issue additional shares and grant rights to subscribe for shares of common stock, up to 10% of the issued share capital which authorization can be used for general purposes and an additional 10% if the shares of common stock are issued or rights are granted in connection with an acquisition, merger or (strategic) alliance, and to restrict or exclude pre-emptive rights pertaining to (the right to subscribe for) shares for a period of 18 months from June 2, 2015 until December 2, 2016. On July 2, 2015, a separate authorization was approved by the general meeting of shareholders to issue additional shares to effect the Merger.

In addition, our debt instruments contain, and future debt instruments may also contain, provisions that require prepayment or offers to prepay upon a change of control. These clauses may also discourage takeover attempts.

We are a foreign private issuer and, as a result, are not subject to U.S. proxy rules but are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer.

We report under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we follow Dutch laws and regulations with regard to such matters, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the Commission of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, foreign private issuers are required to file their Annual Report on Form 20-F by 120 days after the end of each fiscal year while U.S. domestic issuers that are large accelerated filers are required to file their Annual Report on Form 10-K within 60 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are contractually obligated and intend to make interim reports available to our stockholders, copies of which we are required to furnish to the Securities and Exchange Commission (the "SEC") on a Form 6-K, and even though we are required to furnish reports on Form 6-K disclosing whatever information we have made or are required to make public pursuant to Dutch law or distribute to our stockholders and that is material to our company, you may not have the same protections afforded to investors in companies that are not foreign private issuers.

We are a foreign private issuer and, as a result, in accordance with the listing requirements of the NASDAQ Global Select Market we rely on certain home country governance practices rather than the corporate governance requirements of the NASDAQ Global Select Market.

We are a foreign private issuer. As a result, in accordance with the listing requirements of the NASDAQ Global Select Market we rely on home country governance requirements and certain exemptions thereunder rather than relying on the corporate governance requirements of the NASDAQ Global Select Market. For an overview of our corporate governance principles, see Item 16G.- *Corporate Governance* of our 2015 Annual Report, including the section describing the differences between the corporate governance requirements applicable to common stock listed on the NASDAQ Global Select Market and the Dutch corporate governance requirements. Accordingly, you may not have the same protections afforded to stockholders of companies that are not foreign private issuers.

Risks related to our indebtedness

Our debt obligations expose us to risks that could adversely affect our financial condition, which could adversely affect our results of operations.

As of December 31, 2015, we had outstanding indebtedness with an aggregate principal amount of \$9,380 million. Our substantial indebtedness could have a material adverse effect on our business by:

- increasing our vulnerability to adverse economic, industry or competitive developments;
- requiring a substantial portion of cash flow from operations to be dedicated to the payment of principal and interest on our indebtedness, therefore reducing our ability to use our cash flow to fund our operations, capital expenditures and future business opportunities;
- exposing us to the risk of increased interest rates because certain of our indebtedness, including our loans under the New RCF Agreement and the Term Loans, bear interest at a variable rate;
- making it more difficult for us to satisfy our obligations with respect to our indebtedness and any failure to comply with the obligations of any our debt instruments, including restrictive covenants and borrowing conditions, could result in an event default under the indentures governing our notes and agreements governing other indebtedness;
- restricting us from making strategic acquisitions or causing us to make non-strategic divestitures;
- limiting our ability to obtain additional financial for working capital, capital expenditures, restructurings, product development, research and development, debt service requirements, investments, acquisitions and general corporate or other purposes; and
- limiting our flexibility in planning for, or reacting to, changes in our business or market conditions and placing us at a competitive disadvantage compared to our competitors who are less highly leveraged and who therefore, may be able to take advantage of opportunities that our leverage prevents us from exploiting.

Despite our level of indebtedness, we may still incur significantly more debt, which could further exacerbate the risks described above and affect our ability to service and repay our debt.

If we do not comply with the covenants in our debt agreements or fail to generate sufficient cash to service and repay our debt, it could adversely affect our operating results and our financial condition.

The New RCF Agreement, the Term Loans, the indentures governing our Secured Notes and Unsecured Notes or any other debt arrangements that we may have require us to comply with various covenants. If there were an event of default under any of our debt instruments that was not cured or waived, the holders of the defaulted debt could terminate commitments to lend and cause all amounts outstanding with respect to the debt to be due and payable immediately, which in turn could result in cross defaults under our other debt instruments. Our assets and cash flow may not be sufficient to fully repay borrowings under all of our outstanding debt instruments if some or all of these instruments are accelerated upon an event of default.

Our ability to make scheduled payments or to refinance our debt obligations depends on our financial condition and operating performance, which is subject to prevailing economic and competitive conditions and to certain financial, business, competitive, legislative, regulatory and other factors beyond our control. Our business may not generate sufficient cash flow from operations, or future borrowings under the New RCF Agreement or from other sources may not be available to us in an amount sufficient to enable us to repay our indebtedness, or to fund our other liquidity needs, including our working capital and capital expenditure requirements, and we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness.

If our cash flows and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay investments and capital expenditures, or to sell assets, seek additional capital, restructure or refinance our indebtedness or reduce or delay capital expenditures, strategic acquisitions, investments and alliances, any of which could have a material adverse effect on our business. We cannot guarantee that we will be able to obtain enough capital to service our debt and fund our planned capital expenditures and business plan. Our ability to restructure or refinance our debt will depend on the condition of the capital markets and our financial condition at such time. Any refinancing of our debt could be at higher interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our credit rating, which could harm our ability to incur additional indebtedness. These alternative measures may not be successful and may not permit us to meet our scheduled debt service obligations.

The rating of our debt by major rating agencies may further improve or deteriorate, which could affect our additional borrowing capacity and financing costs.

The major debt rating agencies routinely evaluate our debt. These ratings are based on current information furnished to the ratings agencies by us and information obtained by the ratings agencies from other sources. An explanation of the significance of such rating may be obtained from such rating agency. There can be no assurance that such credit ratings will remain in effect for any given period of time or that such ratings will not be lowered, suspended or withdrawn entirely by the rating agencies, if, in each rating agency's judgment, circumstances so warrant. Actual or anticipated changes or downgrades in our credit ratings, including any announcement that our ratings are under further review for a downgrade, could affect our market value and/or increase our corporate borrowing costs.

Increases in interest rates could adversely affect our results of operations.

An increase in prevailing interest rates could adversely affect our financial condition. LIBOR (the interest rate index on which our variable rate debt is based) fluctuates on a regular basis. At December 31, 2015, we had approximately \$3,483 million aggregate principal amount of variable interest rate indebtedness under our Term Loan agreements, which are subject to LIBOR floors. Any increased interest expense associated with increases in interest rates affects our cash flow and our ability to service our debt. Therefore, if the LIBOR rate exceeds the LIBOR floors on our Term Loan agreements, our cash interest obligation would increase and could adversely affect our financial condition, results of operations and cash flows. At December 31, 2015, a 100 basis point increase in LIBOR rates from their then current levels would result in an increase in our interest expense of \$30 million per year. Our New RCF Agreement, which was undrawn at December 31, 2015, also has a variable interest rate.

The conditional conversion feature of the 2019 Cash Convertible Senior Notes, if triggered, may adversely affect our financial condition and operating results.

In the event the conditional conversion feature of the 2019 Cash Convertible Senior Notes is triggered, holders thereof will be entitled to convert the 2019 Cash Convertible Senior Notes solely into cash at any time during specified periods at their option. If one or more holders elect to convert their 2019 Cash Convertible Senior Notes, we would be required to pay cash to settle any such conversion, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their 2019 Cash Convertible Senior Notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding aggregate principal of the 2019 Cash Convertible Senior Notes as a current rather than long-term liability, which may adversely affect our net working capital.

The accounting for the 2019 Cash Convertible Senior Notes results in recognized interest expense significantly greater than the stated interest rate of the 2019 Cash Convertible Senior Notes and may result in volatility to our Consolidated Statements of Operations.

We will settle conversions of the 2019 Cash Convertible Senior Notes entirely in cash. Accordingly, the conversion option that is part of the 2019 Cash Convertible Senior Notes is accounted for as a derivative pursuant to applicable accounting standards relating to derivative instruments and hedging activities. In general, this resulted in an initial valuation of the conversion option, which was bifurcated from the debt component of the 2019 Cash Convertible Senior Notes, resulting in an original issue discount. The original issue discount is amortized and recognized as a component of interest expense over the term of the 2019 Cash Convertible Senior Notes, which results in an effective interest rate reported in our Consolidated Statements of Operations significantly in excess of the stated coupon of 1.0%. This accounting treatment reduces our earnings, but does not affect the amount of cash interest paid to holders of Notes or our cash flows.

For each financial statement period after issuance of the 2019 Cash Convertible Senior Notes, a hedge gain or loss is reported in our Consolidated Statements of Operations to the extent the valuation of the conversion option changes from the previous period. The cash convertible note hedge transactions we entered into in connection with the 2019 Cash Convertible Senior Notes are also accounted for as derivative instruments, generally offsetting the gain or loss associated with changes to the valuation of the conversion option. Although we do not expect there to be a material net impact to our Consolidated Statements of Operations as a result of issuing the 2019 Cash Convertible Senior Notes and entering into the cash convertible note hedge transactions, we cannot assure you that these transactions will be completely offset, which may result in volatility to our Consolidated Statements of Operations.

Item 4. Information on the Company

A. History and Development of the Company

Our legal name is NXP Semiconductors N.V. and our commercial name is “NXP” or “NXP Semiconductors”.

We are incorporated in the Netherlands as a Dutch public company with limited liability (*naamloze vennootschap*).

On August 5, 2010, we made an initial public offering of 34 million shares of our common stock and listed our common stock on the NASDAQ Global Select Market.

On March 2, 2015, NXP announced that the company had entered into a definitive agreement under which it would merge with Freescale Semiconductor, Ltd. (“Freescale”) (the “Merger”). The Merger was consummated on December 7, 2015. As a result, Freescale’s results of operations are included in NXP’s Consolidated Statements of Operations for the period of December 7, 2015 through December 31, 2015.

NXP accounted for the Merger under the acquisition method of accounting in accordance with Financial Accounting Standards Board Accounting Standards Topic 805, Business Combinations, with NXP treated as the accounting acquirer, see further discussion below.

We are a holding company (the “holding” company) whose only material assets are the direct ownership of 100% of the shares of NXP B.V., a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*).

Our corporate seat is in Eindhoven, the Netherlands. Our principal executive office is at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, and our telephone number is +31 40 2729233. Our registered agent in the United States is NXP Semiconductors USA, Inc., 411 East Plumeria Drive, San Jose, CA 95134, United States of America, phone number +1 408 5185400.

B. Business Overview

Semiconductor Market Overview

Semiconductors perform a broad variety of functions within electronic products and systems, including processing data, sensing, storing information and converting or controlling electronic signals. Semiconductors vary significantly depending upon the specific function or application of the end product in which the semiconductor is used and the customer who is deploying it. Semiconductors also vary on a number of technical characteristics including the degree of integration, level of customization, programmability and the process technology utilized to manufacture the semiconductor. Advances in semiconductor technology have increased the functionality and performance of semiconductors, improving their features and power consumption characteristics while reducing their size and cost. These advances have resulted in growth of semiconductors and electronic content across a diverse array of products. The semiconductor market totaled \$336 billion in 2014.

Merger

On December 7, 2015, we completed the Merger with Freescale in a stock and cash transaction.

In connection with the Merger, each outstanding share of Freescale common stock was converted into 0.3521 shares of NXP common stock and \$6.25 in cash, without interest. NXP issued approximately 110 million shares of common stock to former holders of Freescale common stock, representing approximately 32% of the 342 million total shares of outstanding NXP common stock after the Merger. NXP was determined to be the accounting acquirer. Freescale's financial results from the Merger date through December 31, 2015, are included in our Consolidated Statement of Operations, as discussed herein.

The Merger created a clear market leader in automotive, broad based microcontroller and security semiconductor solutions, with a highly complementary product portfolio. The Merger enables NXP to better serve a broader array of customers in strategic markets.

Integration

Integration planning commenced shortly after the announcement of the Merger in March 2015. We expect the full integration process to take several years, with the initial focus on management consolidation and process integration. Work streams are underway in all of our business lines and the support functions. Integration activities that likely will have a multi-year horizon include, but are not limited to, harmonizing brands, product and vendor selections, system integration and supply chain integration.

The priorities are maintaining business and customer continuity while identifying and accelerating synergies and integrating organizations, processes and systems.

The integration activities will transform the way NXP operates over the next few years. The remaining discussion in this "Business" section addresses the way we operate currently; however, the integration is likely to significantly impact most of these processes in future periods.

Other Significant Transactions

On December 7, 2015, we also announced the divestiture of our RF Power business to JAC Capital.

On November 9, 2015, we completed setting up WeEn Semiconductors, a Bipolar Power joint venture in China with JAC Capital. WeEn Semiconductors, in which JAC Capital owns 51% and we own 49%, combines our advanced technology from our former Bipolar Power business line with JAC Capital's strong connections in the Chinese manufacturing network and distribution channels to lower manufacturing costs and boost profit margins of high end electronic products in China.

Our Company

We are a global semiconductor company and a long-standing supplier in the industry, with over 50 years of innovation and operating history. For the year ended December 31, 2015, we generated revenue of \$6,101 million, compared to \$5,647 million for the year ended December 31, 2014.

We provide leading High Performance Mixed Signal (HPMS) and Standard Product (SP) solutions that leverage our combined portfolio of intellectual property, deep application knowledge, process technology and manufacturing expertise in the domains of cryptography—security, high-speed interface, radio frequency (RF), mixed-signal analog-digital (mixed A/D), power management, digital signal processing and embedded system design.

Our product solutions are used in a wide range of end-market applications including: automotive, personal security and identification, wireless and wireline infrastructure, mobile communications, multi-market industrial, consumer and computing. We engage with leading global original equipment manufacturers (OEM) and sell products in all major geographic regions.

Reporting Segments

NXP is organized into two market oriented reportable segments, High Performance Mixed Signal ("HPMS") and Standard Products ("SP"). Corporate and Other represents the remaining portion (or "segment") to reconcile to the Consolidated Financial Statements. You can find a description of each of our reportable segments below. We also have a manufacturing group that manages our manufacturing and supply chain activities.

Markets, applications and products

HPMS products consist of highly differentiated application-specific semiconductors and system solutions, which accounted for 79% of our total product revenue in 2015. We believe the HPMS market is an attractive market due to the growth in excess of the overall semiconductor market, the high barriers to entry, the loyalty of the customer base, the relative pricing stability and lower long-term capital intensity.

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SP products consists primarily of discrete semiconductor devices that can be incorporated in many different types of electronics equipment, are typically sold to a wide variety of customers, and accounted for 21% of our total product revenue in 2015. NXP SP products are differentiated by our ability to consistently deliver cost effective, high unit volumes, which meet stringent quality levels and are a reflection of our long history of operational supply chain and continuously improved manufacturing processes. As a result we have been successful in improving the overall profitability of our SP segment.

High Performance Mixed Signal

On January 1, 2015, NXP reorganized the HPMS segment from the four business lines: Automotive, Identification, Infrastructure & Industrial and Portable & Computing into the following four business lines: Automotive, Secure Identification Solutions, Secure Connected Devices and Secure Interfaces and Power. Secure Interfaces and Power was later renamed to Secure Interfaces and Infrastructure. Effective with the Merger, the operations of Freescale were incorporated into the HPMS reportable segment. The former Freescale product groups were aligned with the NXP HPMS business lines as follows: RF and Digital Networking are reported under Secure Interfaces and Infrastructure; Automotive MCU and Analog & Sensors are reported under Automotive and Microcontrollers is reported under Secure Connected Devices. Additionally, certain portions of Freescale's Analog & Sensor product group and other revenue is apportioned to various NXP operating segments consistent with NXP's prior product and revenue classification approach, this included product-functionality alignment as well as IP sales and licensing revenue.

We focus on developing products and system and sub-system solutions that are innovative and allow our customers to bring their end products to market more quickly. Our products, particularly our application system and sub-system solutions, help our customers design critical parts of their end products and thus help many of them to differentiate themselves based on feature performance, advanced functionality, cost or time-to-market.

We apply our technical expertise in the areas of RF, analog, power management, interface, security technologies and digital processing across our priority applications markets. Our strong RF capabilities are utilized in our high performance RF for wireless infrastructure and industrial applications, car security and car radio products, mobile connectivity and contactless identification products. Our power technologies and capabilities are applied in AC-DC power conversion, power management and audio power products, while our ability to design ultra-low power semiconductors is used in a wide range of our products including our consumer, mobile, identification, healthcare products and our microcontrollers. Our high-speed interface design skills are applied in various interface products, and our security capability is used in our identification solutions, digital networking and microcontroller solutions. Finally, our digital processing capabilities are used in our microcontroller based products, our digital networking products, our Auto DSPs and the products leveraging our Coolflux ultra-low power DSPs, such as in our hearing aid products.

The below table provides an overview of the key applications per each business line, the leading market positions and our key customers.

	Automotive	Secure Identification Solutions	Secure Connected Devices	Secure Interfaces and Infrastructure
Key applications	<ul style="list-style-type: none"> • Car access & immobilizers • In vehicle networking • Car entertainment • ADAS • Telematics • ABS • Transmission/ throttle control • Automotive Lighting 	<ul style="list-style-type: none"> • Secure identity • Tagging 	<ul style="list-style-type: none"> • Secure transactions • Mobile handset • Tablet • Personal computer • Smart metering • White goods & home appliances • Medical/Personal Healthcare • Industrial/ IoT • Consumer/TV/Set top box 	<ul style="list-style-type: none"> • Wireless base stations • Networking • Satellite & CATV infra • Radar • Power supplies • Lighting • Mobile Handsets • Pachinko machines
Selected market leading positions	<ul style="list-style-type: none"> • #1 in Automotive semiconductors • #1 Can/LIN/ Flex Ray in-vehicle networking • #1 passive keyless entry/ immobilizers • #1 car radio • #2 automotive MCU • #2 audio amplifiers 	<ul style="list-style-type: none"> • #1 e-Government • #1 Transport & Access management • #1 Banking 	<ul style="list-style-type: none"> • #1 I broad based MCU • #1 NFC 	<ul style="list-style-type: none"> • #1 in RF Power • #1 in communication processors
Key OEM and electronic manufacturing services (EMS) end customers	<ul style="list-style-type: none"> • Becker • Bosch • Continental • Delphi • Fujitsu Ten • Hella • Hyundai • LG • Panasonic • Visteon 	<ul style="list-style-type: none"> • Avery Dennison • China Vision Microelectronic • Chutian Dragon • DNP • Gemalto • Giesecke • Kona • Oberthur • Smartrac • Wuhan/Tianyu Info 	<ul style="list-style-type: none"> • Apple • BBK • HTC • Huawei • LG • Microsoft • Performance Designed Products • Samsung • ZLG Electronics • ZTE 	<ul style="list-style-type: none"> • Apple • Alcatel • Cisco • Ericsson • Huawei • Lite-On • NSN • Philips • Samsung • ZTE

The table above provides a list of our key OEM, ODM and electronic manufacturing services end customers in alphabetical order, based on 2015 revenue, of which some of whom are supplied by distributors. Key distributors across these applications are Arrow, Avnet, EDOM, Vitec and WPG.

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Automotive. Growth in semiconductor sales to the global automotive market relies on global economic trends, the unit growth of automobiles manufactured and the growth in semiconductor content per vehicle which is being driven by the proliferation of electronic features throughout the vehicle. Among the highest growth applications are advanced driver assistance systems (ADAS), infotainment (information, convenience and connectivity), secure in-vehicle networking and electrified powertrain (hybrid and electric vehicles).

Due to the high degree of regulatory scrutiny and safety requirements, the automotive semiconductor market is characterized by stringent qualification processes, zero defect quality processes, functionally safe design architecture, high reliability, extensive design-in timeframes and long product life cycles which results in significant barriers to entry.

Semiconductor content per vehicle continues to increase due to government regulation for improved safety and emissions, the standardization of higher-end options across a greater number of vehicle classes as well as consumer demand for greater fuel efficiency, advanced safety and multimedia applications. Automotive safety features are evolving from passive safety systems to active safety systems with ADAS such as radar, vision, vehicle-to-vehicle and vehicle-to-infrastructure (V2X) systems. We believe regulatory actions and consumer demand in both the developed and emerging markets should drive the increase in applications such as ADAS, secure connectivity, electronic safety and stability control. Semiconductor content per vehicle is also increasing to address applications such as engine management, fuel economy improvement, driver comfort, convenience and user interface. In addition, with the increase in overall semiconductor content in modern automobiles, the demand for secure in-vehicle networking continues to increase as various subsystems communicate within the automobile and with external devices and networks. Data integrity and security hardware features for safeguarding memory, communication and system data are also increasing in importance.

As a result of the Merger, NXP became the largest semiconductor supplier to the automotive industry with strong positions in Car Entertainment, In-Vehicle Networking, Secure Car Access, Chassis & Safety and Powertrain. The combined portfolio is highly complementary, enabling NXP to address a broader scope of complete and complex solutions for our automotive partners. We continue to invest in growth areas including the evolution of the Secure Connected Car, ADAS and other safety and comfort applications.

In Car Entertainment, as a result of the Merger, we are the market leader with the broadest portfolio of products offerings addressing both audio and visual head-end unit applications. Our leadership in audio processing for mid-to-high-end car radio is driven by excellent reception performance as well as high-levels of integration of terrestrial, satellite and digital multi-band tuners. Within the low-end and after-market car radio, our leadership is a result of highly integrated, single-chip radio solutions that offer our customers ease of implementation and lower total cost of ownership. In digital reception, we have developed multi-standard radios based on our software-defined radio implementation. In addition, we provide class-AB and class-D audio amplifiers and power analog products for car entertainment. Our i.MX applications processors, which are developed and brought to market by our Microcontroller and Processor teams, are highly integrated ARM-based application processors with integrated audio, video and graphics capability.

In the In-vehicle Networking market, we are the market leader, having played a defining role in setting in-vehicle networking standards including the CAN, LIN, FlexRay and more recently the two-wire automotive Ethernet standard. We are a leading supplier to major OEMs and continue to drive new system concepts, such as partial networking for enhanced energy efficiency.

In the Secure Car Access market, we are the market leader in two-way secure entry products, and have pioneered the development of next generation passive keyless entry/start with our customers. As a result of our R&D innovations we are a key supplier to almost all major automobile manufacturers for secure access products.

In Chassis & Safety we offer a broad range of sensors and microcontrollers. Our inertial sensors enable vehicle stability control and airbag crash detection while our pressure sensors are well-positioned for continued growth in tire pressure monitoring, occupancy detection and engine control.

In Powertrain, we offer power management solutions which provide the intelligence engine management systems that reduce emissions and improve fuel efficiency. In December 2013, we announced a joint venture with Datang Telecom, targeting the China domestic hybrid and electrical car market. This joint venture became active in April 2014.

In ADAS, we are developing solutions for Radar, Vision and Secure V2X. In 2013, we made a strategic investment in Cohda Wireless, an equipment vendor in the Intelligent Transport Systems (ITS) market with whom we co-operate for V2X solutions. In December 2013, we also announced the intended sale of our Telematics Module business to Telit Communications which closed in March 2014.

We employ our proprietary processes for automotive-grade, high-voltage, RF and non-volatile processes as well as our technology standards and leading edge security IP developed by our Secure Identification Solutions business, to deliver our automotive solutions. We design our products to be compliant with all key global relevant automotive quality standards (such as ISO/TS16949 and VDA6.3).

For the full year 2015, we had High Performance Mixed Signal revenue of \$1,342 million in automotive applications, compared to \$1,144 million in 2014, which represents a 17.3% year over year increase. According to Strategy Analytics, the total market for automotive semiconductors was \$29.8 billion in 2014, and projects it will grow at a compounded annual growth rate of 6.1% between 2014 and 2018.

Secure Identification Solutions (SIS). The SIS business is focused on delivering solutions to address the security and privacy requirements of three specific end market dynamics: (1) the increasing adoption of chip-based banking cards (“Banking”); (2) the increasing usage of high-volume, single-payment platform systems for urban transportation (“Transit—Access”); and (3) the increased need to provide government sponsored products to assure privacy and secure cross-border movement of people (“eGov”).

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Nearly all of SIS products consist of multi-functional solutions comprised of passive RF connectivity devices facilitating information transfer from the user document to reader infrastructure; secure, tamper-proof microcontroller devices in which information is securely encrypted (“secure element”); and secure real-time operating system software products to facilitate the encryption-decryption of data, and the interaction with the reader infrastructure systems. Our solutions are developed to assure extreme levels of security of user information, undergoing stringent and continued global governmental and banking certification processes, as well as delivering the highest level of device performance enabling significant throughput and productivity to our customers.

In the banking sector NXP is the market leader in the contact, contactless and dual-interface bank card market. We have innovated and deployed “multi-application” banking solutions which support a combination of payment, transit and access solutions all leveraging a single physical bank card. In the transit and access market, NXP’s MIFARE products are ubiquitous throughout the world, having been deployed in over 750 cities, facilitating the mass transit requirements of over one billion people per day. Additionally our transit and access products are deployed in application such as employee identification for facility access and security. We are also focused on deploying our technology into new emerging market applications such as interactive gaming, theme-park attendee management and supply chain and inventory product management to support high velocity supply chain management. In the eGovernment sector, NXP is a market leader providing solutions for chip-based cross-border passports, drivers-licenses, health cards and other government sponsored identification documents. We have also worked with emerging market government agencies to facilitate government sponsored identity cards which also serve as payment platforms helping the mass-population of under-banked.

For the full year 2015, we had High Performance Mixed Signal revenue of \$973 million in SIS, compared to \$996 million in 2014, which represents a 2.3% year over year decline. According to ABI Research, the market size for secure identification ICs was \$3.5 billion in 2014, and is expected to grow at a compounded annual rate of 6% to \$4.5 billion in 2018.

Secure Connected Devices (SCD). The SCD business is focused on delivering solutions to enable the future of connected devices – also known as “Internet of Things” (IoT). We believe the future growth of secure connected devices requires the ability to deliver four fundamental functional capabilities: (1) embedded microcontrollers; (2) connectivity – short range RF and wireless technology (Bluetooth LE, Zigbee, Thread and NFC); (3) security; and (4) sensor—both location and environmental sensors. We see end-markets and applications emerging in the area of Mobile Payments, Smart Home-Health, Smart Cities and Smart Industrial.

The SCD business has a broad portfolio products which we believe enables NXP to successfully compete and deliver all aspects of semiconductor-based technologies for connected devices including microcontrollers, secure mobile transactions solutions and various connectivity solutions.

Post-merger, we are the largest supplier of broad based microcontrollers. We differentiate ourselves versus our competitors with a broad portfolio of products addressing different processing power, connectivity standards, peripherals and security levels depending on customers evolving requirements.

We have a strong position in multi-purpose 32-bit ARM-based microcontrollers serving a broad array of applications. Our portfolio is highly scalable, and is coupled with our extensive software and design tools. This enables our customers to design-in and deploy our MCUs families, leveraging a consistent software development environment. Due to the scalability of our portfolio we are able to help future-proof our customer’s products as their systems evolve, becoming more complex or requiring greater processing capabilities over time. As a result of the Merger, we believe we have the broadest ARM portfolio in the industry.

Our i.MX family of processors are designed in conjunction with a broad suite of additional products including power management solutions, audio codecs, touch sensors and accelerometers to provide full systems solutions across a wide range of operating systems and applications. Our i.MX 6 family of applications processors integrates one, two or four ARM Cortex-A9 cores running up to 1.2 GHz and includes five devices: the single-core i.MX 6Solo and i.MX 6SoloLite, dual-core i.MX 6Dual and i.MX 6DualLite, and quad-core i.MX 6Quad processors. Together, these products provide a family of applications processors featuring software, power and pin compatibility across single, dual and quad core implementations. Software support includes Linux and Android implementations.

We are the market leader in secure mobile transactions. NXP has pioneered and led the development of the ISO standard for Near Field Communications (NFC), which is rapidly emerging as the de facto standard for secure short-range connectivity. In combination with our industry leading SmartMX family of secure element device as well as our secure operating system, NXP has garnered market leadership in the deployment of mobile wallets and mobile payment. Our position leverages our decades long position in cryptography and security in the Banking, Transit – Access and eGov sectors.

Post-merger NXP has a broad and diverse portfolio of connectivity assets, IP and application knowledge which we believe enables us to fulfill our customer’s connectivity requirements for IoT applications, including smart lighting, smart energy, wireless remote controls & switches and healthcare monitoring.

In February 2015 we acquired Quintic, which brought assets and IP to broaden our connectivity portfolio. Specifically, Quintic is an innovator in the area of Bluetooth Low Energy (BTLE), a key connectivity standard for IoT devices.

Our mobile audio business focuses on smart speaker drivers and leverages many of the same core technologies and competencies as our personal healthcare business. We also sell software solutions for mobile phones through our NXP Software business. The NXP Software solutions business develops audio solutions that enable mobile device manufacturers to produce differentiated hand held products that enhance the end-user experience. Our software has been incorporated into over 1 billion mobile devices produced by many of the world’s leading mobile device manufacturers.

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Our personal healthcare revenue is generated by our hearing aid products, which leverage our proprietary, ultra-low power Coolflux – brand of DSP devices, our low power audio IC design capabilities and our magnetic induction radio technology. We design customer-specific ICs for major hearing aid OEMs, and many of these customers fund our product development efforts.

Our overall High Performance Mixed Signal revenue in the SCD business was \$1,261 million in 2015, compared to \$1,028 million in 2014, which represents a 22.7% year over year growth. We estimate the worldwide market for Microcontrollers 32-bit was \$7.4 billion in 2014, and we expect a compounded annual growth rate of 8.8% between 2014 and 2018.

Our leadership in secure/smartcard Microcontrollers and the combined Freescale and NXP position in the non-secure Microcontrollers outside Automotive creates a number one position in broad based Microcontrollers.

Secure Interfaces and Infrastructure (SI&I). Our SI&I businesses consist of: Digital Networking Processors, Secure Interface and System Management Products, High-performance RF Power-Amplifiers (HPRF) and Smart Antennae solutions.

As a result of the Merger, NXP became a significant participant in the communications infrastructure market. Our communications processors are programmable semiconductors that perform tasks related to control and management of digital data, as well as network interfaces. They are designed to handle tasks related to data transmission between nodes within a network, the manipulation of that data upon arrival at its destination and protocol conversion. Our product portfolio includes 32-bit and 64-bit offerings ranging from a single core to 28- and 45-nanometer multicore QorIQ communications processors. Wireless-infrastructure processors combine communication processors with DSP functionality and specific wireless acceleration technology. Our portfolio of secure wireless-infrastructure processors targets small cells and macro base stations. These products perform baseband processing and support multiple cellular-network air-interfaces such as LTE-Advanced, TD-LTE, LTE, HSPA+, TD-SCDMA, and CDMA2000K. Used by leading original equipment manufacturers (OEMs) worldwide, our broad portfolio of wireless-infrastructure and communications processors satisfies wireless infrastructure requirements.

We are major supplier in the highly fragmented interface and system management products. Our products address many interface standards and we serve various applications across the mobile, computing, industrial, consumer and automotive markets. We have broad product portfolios including UARTs. Bridges-devices, I²C, SPI, LED-lighting controllers, low power real-time clocks and watch ICs, HDMI switches and transceivers, and display port multiplexers. Our core competency is the ability to deliver products that manage high speed data and system voltage over the same interface. We generate a large part of our revenue by selling products to a very broad customer base, which we serve through our distribution channel. We have successfully engaged with leading OEMs to drive semi-custom products which in turn allow us to refine and accelerate our innovation and product roadmaps. We are engaged in development activities and standard setting initiatives with many of the innovation leaders in each of these markets. Key growth drivers will be the adoption rate of new high-speed interface standards such as USB type-C.

We are also active in high efficiency AC-DC power conversion ICs for notebook personal computers. Our strength in AC-DC power conversion is based on our leading edge high-voltage power analog process technologies and engineering capabilities in designing high efficiency power conversion products. Due to worldwide conservation efforts, many countries, states and local governments have adopted regulations that increase the demand for higher power efficiency solutions in computing and consumer applications, especially in power conversion.

We are the market leader in HPRF power amplifiers for markets, such as mobile base stations, wireless connectivity, satellite and CATV infrastructure and receivers, industrial applications, and to a lesser extent the military and aerospace markets. We are engaged with the majority of the largest customers in mobile base stations and in several other application areas.

Both Freescale and NXP prior to the Merger were the main suppliers into the HPRF power amplifier market. As a result of the Merger, NXP was required to sell its HPRF business. On December 7, 2015 NXP completed the divestment of our RF Power business to JAC Capital.

We have an emerging business offering Smart Antennae solutions based on Low Noise Amplifier (LNA) technology. We engage and sell our Smart Antennae solutions to varied customers in the mobile, consumer electronics and cable television infrastructure markets.

Our overall revenue in these businesses was \$1,144 million in 2015 versus \$1,040 million in 2014, which represents an increase of 10.0% year over year.

Standard Products

Our Standard Products business supplies a broad range of standard semiconductor components, such as small signal discretes, power discretes, protection and signal conditioning devices and standard logic devices, which we largely produce in dedicated in-house high-volume manufacturing operations. Our portfolio consists of a large variety of catalog products, using widely-known production techniques, with characteristics that are largely standardized throughout the industry as well as leading discrete solutions especially in the field of ESD protection / EMI filtering and low loss rectification and power switching. Our Standard Products are often sold as separate components, but in many cases, are used in conjunction with our High Performance Mixed Signal solutions, often within the same subsystems. Further, we are able to leverage customer engagements where we provide standard products devices, as discrete components, within a system to identify and pursue potential High Performance Mixed Signal opportunities.

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Our products are sold both directly to OEMs as well as through distribution, and are primarily differentiated on cost, packaging type and miniaturization, and supply chain performance. Alternatively, our innovative products include “design-in” products, which require significant engineering effort to be designed into an application solution. For these products, our efforts make it more difficult for a competitor to easily replace our product, which makes these businesses more predictable in terms of revenue and pricing than is typical for standard products.

Our key product applications, markets and customers are described in the table below.

Key Products

- SS Transistors and Diodes
- SS MOS
- Power MOS
- Bipolar Power Transistors
- Thyristors
- Rectifiers
- Interface protection devices
- General Purpose Logic

Key OEM and electronic manufacturing services (EMS) end customers

- Apple
- BBK
- Bosch
- Continental
- Delphi
- Delta Electronics
- Huawei
- LG
- Philips
- Samsung

The table above provides a list of our key OEM and electronic manufacturing services end customers in alphabetical order, based on 2015 revenue, of which some of whom are supplied by distributors. Key distributors across these applications are Arrow, Avnet, Future and WPG.

In 2015, our Standard Products business generated net revenue of \$1,241 million, compared to \$1,275 million in 2014, which represents a 2.7% year over year decline.

We are the number one global supplier of small-signal discretes with one of the broadest product portfolios in the industry. We have a strong position due to our strong cost competitiveness, supply chain performance, leverage of our OEM relationships and a broadening portfolio. We are focusing on expanding our share of higher margin products in this business. In addition, we are also building a small signal MOSFET product line, which leverages our small signal transistors and diodes packaging operations and strong customer relationships. In addition to our small signal discretes products, we have a Power MOSFET product line, which is focused on the low-voltage segment of the market. The majority of our revenue in Power MOSFETs is to automotive customers.

During 2015, we introduced a new range of Automotive Power MOSFET products in our Trench 6 manufacturing process.

We estimate that the market for discretes, excluding RF & Microwave, was \$20 billion in 2014 and is expected to stay flat, between 2014 and 2018.

Additionally, the Standard Products segment also includes Standard Logic ICs. We have the number two position in Standard Logic IC markets based on worldwide revenue for 2014, which we deploy in a large number of our High Performance Mixed Signal solutions. We offer several product families for low-voltage applications in communication equipment, personal computers, personal computer peripherals and consumer and portable electronics. Our 3V and 5V families hold a leading share of the logic market. We continue to expand into the higher margin product range in this business by expanding, among others, our switches and translators (or custom logic) portfolio and optimizing our manufacturing. We estimate the worldwide Standard Logic market at \$1.5 billion in 2014, and is estimated to grow with compound annual rate of 4.3% between 2014 and 2018.

Corporate and Other

We manufacture integrated circuits and discrete semiconductors through a combination of wholly owned manufacturing facilities, manufacturing facilities operated jointly with other semiconductor companies and third-party foundries and assembly and test subcontractors. Our manufacturing operations primarily focus on manufacturing and supplying products to our High Performance Mixed Signal and Standard Products businesses. We manage our manufacturing assets together through one centralized organization to ensure we realize scale benefits in asset utilization, purchasing volumes and overhead leverage across businesses.

In the future, we expect to outsource an increased part of our internal demand for wafer foundry and packaging services to third-party manufacturing sources in order to increase our flexibility to accommodate increased demand mainly in our High Performance Mixed Signal and to a lesser extent in Standard Products businesses.

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The manufacturing of a semiconductor involves several phases of production, which can be broadly divided into “front-end” and “back-end” processes. Front-end processes take place at highly complex wafer manufacturing facilities (called fabrication plants or “wafer fabs”), and involve the imprinting of substrate silicon wafers with the precise circuitry required for semiconductors to function. The front-end production cycle requires high levels of precision and involves as many as 300 process steps. Back-end processes involve the assembly, test and packaging of semiconductors in a form suitable for distribution. In contrast to the highly complex front-end process, back-end processing is generally less complicated, and as a result we tend to determine the location of our back-end facilities based more on cost factors than on technical considerations.

We primarily focus our internal and joint venture wafer manufacturing operations on running proprietary specialty process technologies that enable us to differentiate our products on key performance features, and we generally outsource wafer manufacturing in process technologies that are available at third-party wafer foundries when it is economical to do so. In addition, we increasingly focus our in-house manufacturing on our competitive 8-inch facilities, which predominantly run manufacturing processes in the 140 nanometer, 180 nanometer and 250 nanometer process nodes, and have concentrated the majority of our manufacturing base in Asia. This focus increases our return on invested capital and reduces capital expenditures.

Our front-end manufacturing facilities use a broad range of production processes and proprietary design methods, including CMOS, bipolar, bipolar CMOS (“BiCMOS”) and double-diffused metal on silicon oxide semiconductor (“DMOS”) technologies. Our wafer fabs produce semiconductors with line widths ranging from 90 nanometers to 3 microns for integrated circuits and 0.5 microns to greater than 4 microns for discretes. This broad technology portfolio enables us to meet increasing demand from customers for system solutions, which require a variety of technologies.

Our back-end manufacturing facilities test and package many different types of products using a wide variety of processes. To optimize flexibility, we use shared technology platforms for our back-end assembly operations. Most of our assembly and test activities are maintained in-house. Finally, a number of our High Performance Mixed Signal products enjoy significant packaging cost and innovation benefits due to the scale of our Standard Products business, which manufactures tens of billions of units per year.

The following table shows selected key information with respect to our major front-end and back-end facilities:

<u>Site</u>	<u>Ownership</u>	<u>Wafer sizes used</u>	<u>Line widths used (nm)</u> (Microns)	<u>Technology/Products</u>
Front-end(1)				
Singapore(2)	61.2%	8”	0.14-0.25	CMOS
Nijmegen, the Netherlands	100%	8”	0.14-0.80	CMOS, BiCMOS, LDMOS
Hamburg, Germany	100%	6”/8”	0.5-3.0	Discretes
Manchester, United Kingdom	100%	6”	0.5	Power discretes
Oak Hill, Austin, US	100%	8”	0.25	CMOS, BiCMOS, Sensors, LDMOS, HDTMOS, PowerCMOS
Chandler, US	100%	8”	0.25-0.50	CMOS, eNVM, PowerCMOS
Austin Technology and Manufacturing Center, US	100%	8”	0.09-0.18	CMOS, eNVM, PowerCMOS, Advanced CMOS, SoC
Back-end(3)				
Kaohsiung, Taiwan	100%	—	—	NFC, Automotive Car-access, Micro-controllers
Bangkok, Thailand	100%	—	—	Automotive In-Vehicle Networking and Sensors, Banking and e-Passport modules, Standard Logic
Guangdong, China	100%	—	—	Discrete devices and Standard Logic
Seremban, Malaysia	100%	—	—	Discrete devices and Standard Logic
Cabuyao, Philippines	100%	—	—	Power discrete and Automotive Sensors
Kuala Lumpur, Malaysia	100%	—	—	Micro-processors, Micro-controllers, Power Management, Analog and Mixed Signal, RF devices
Tianjin, China	100%	—	—	Micro-controllers, Automotive MCU, Analog and Sensors

(1) In front-end we entered into a joint venture with JAC Capital for the Bipolar products in which we currently hold a 49% interest. The Jilin front end fab transferred into this JV.

(2) Joint venture with TSMC; we are entitled to 60% of the joint venture’s annual capacity.

(3) In back-end manufacturing we entered into a joint venture with ASE in Suzhou, China (ASEN), in which we currently hold a 40% interest.

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We use a large number of raw materials in our front- and back-end manufacturing processes, including silicon wafers, chemicals, gases, lead frames, substrates, molding compounds and various types of precious and other metals. Our most important raw materials are the raw, or substrate, silicon wafers we use to make our semiconductors. We purchase these wafers, which must meet exacting specifications, from a limited number of suppliers in the geographic region in which our fabrication facilities are located. At our wholly owned fabrication plants, we use raw wafers ranging from 6 inches to 8 inches in size. Our SSMC wafer fab facility, which produces 8 inch wafers, is jointly owned by TSMC and ourselves. We are leveraging our experience in that fab facility in optimizing our remaining wholly owned Nijmegen and Hamburg wafer fabs. The Merger has added multiple 8 inch fabs for production of a wide portfolio of analog, mixed signal and processors products and this large scale and knowledge base will enable us to further optimize processes. Our other remaining fabs are small and are focused exclusively on manufacturing power discretes. Emerging fabrication technologies employ larger wafer sizes and, accordingly, we expect that our production requirements will in the future shift towards larger substrate wafers.

We typically source our other raw materials in a similar fashion as our wafers, although our portfolio of suppliers is more diverse. Some of our suppliers provide us with materials on a just-in-time basis, which permits us to reduce our procurement costs and the negative cash flow consequences of maintaining inventories, but exposes us to potential supply chain interruptions. We purchase most of our raw materials on the basis of fixed price contracts, but generally do not commit ourselves to long-term purchase obligations, which permits us to renegotiate prices periodically.

Sales, Marketing and Customers

We market our products worldwide to a variety of OEMs, ODMs, contract manufacturers and distributors. We generate demand for our products by delivering High Performance Mixed Signal solutions to our customers, and supporting their system design-in activities by providing application architecture expertise and local field application engineering support.

Our sales and marketing teams are organized into six regions, which are EMEA (Europe, the Middle East and Africa), the Americas, Japan, South Korea, Greater China and Asia Pacific. These sales regions are responsible for managing the customer relationships, design-in and promotion of new products. We seek to further expand the presence of application engineers closely supporting our customers and to increase the amount of product development work that we can conduct jointly with our leading customers. Our web-based marketing tool is complementary to our direct customer technical support.

Our sales and marketing strategy focuses on deepening our relationship with our top OEMs and electronic manufacturing service customers and distribution partners and becoming their preferred supplier, which we believe assists us in reducing sales volatility in challenging markets. We have long-standing customer relationships with most of our customers. Our 10 largest OEM end customers, some of whom are supplied by distributors, in alphabetical order, are Apple, Bosch, Ericsson, Continental, Gemalto, Giesecke/ Devrient, Huawei, LG, Samsung and ZTE. When we target new customers, we generally focus on companies that are leaders in their markets either in terms of market share or leadership in driving innovation. We also have a strong position with our distribution partners being the number two semiconductor supplier (other than microprocessors and memory ICs) through distribution worldwide. Our 3 largest distribution partners are Arrow, Avnet and WPG.

Our revenue is primarily the sum of our direct sales to original equipment manufacturers, or OEMs, plus our distributors' resale of NXP products. Two distributors accounted for more than 10% of total 2015 revenue: WPG accounted for 14% of our revenue in 2015, 13% in 2014 and 11% in 2013. Avnet accounted for 14% of our revenue in 2015 and 13% of our revenue in 2014. No other distributor accounted for more than 10% of our revenue in 2015, 2014 or 2013. No individual OEM for which we had direct sales to accounted for more than 10% of revenue in 2015, 2014 or 2013.

Research and Development, Patents and Licenses, etc.

See the discussion set forth under Part I, Item 5C. *Research and Development, Patents and Licenses, etc.*

Competition

We compete with many different semiconductor companies, ranging from multinational companies with integrated research and development, manufacturing, sales and marketing organizations across a broad spectrum of product lines, to "fabless" semiconductor companies, to companies that are focused on a single application market segment or standard product. Most of these competitors compete with us with respect to some, but not all, of our businesses. None of our competitors have operations across all of our business lines.

Our key competitors in alphabetical order include Analog Devices Inc., Atmel Corporation, Broadcom, Cavium, Diodes, Fairchild Semiconductors, Infineon, Intel, Linear Technology, Maxim Integrated Products, Renesas, ON Semiconductor Corporation, Power Integrations, ROHM, Silicon Laboratories, STMicroelectronics and Texas Instruments.

The basis on which we compete varies across market segments and geographic regions. Our High Performance Mixed Signal businesses compete primarily on the basis of our ability to timely develop new products and the underlying intellectual property and on meeting customer requirements in terms of cost, product features, quality, warranty and availability. In addition, our High Performance Mixed Signal system solutions businesses require in-depth knowledge of a given application market in order to develop robust system solutions and qualified customer support resources. In contrast, our Standard Products business competes primarily on the basis of manufacturing and supply chain excellence and breadth of product portfolio.

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Legal Proceedings

The information set forth under the “Litigation” caption of note 16 of our notes to the Consolidated Financial Statements included in Part III, Item 18 of this Report is incorporated herein by reference. For additional discussion of certain risks associated with legal proceedings, see Part I, Item 3D. *Risk Factors* above.

Environmental Regulation

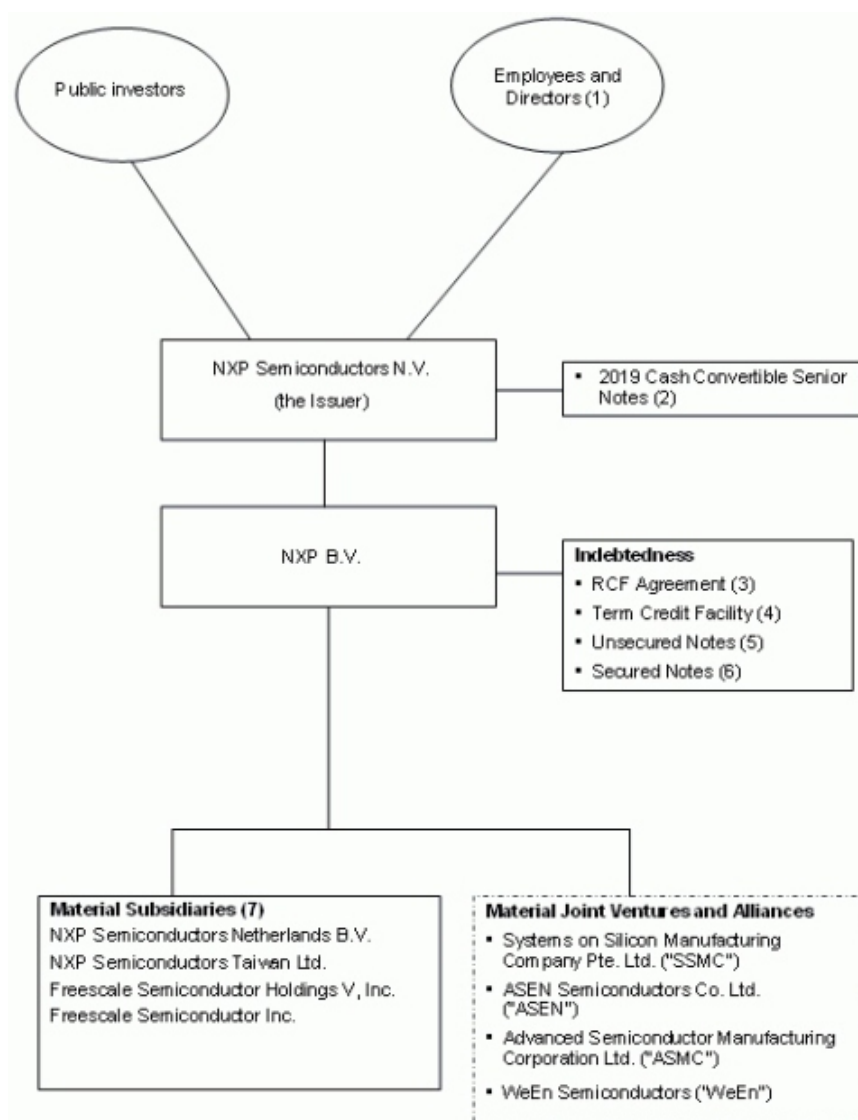
The information set forth under the “Environmental remediation” caption of note 16 of our notes to the Consolidated Financial Statements included in Part III, Item 18 of this Report is incorporated herein by reference. For additional discussion of certain risks associated with environmental regulation, see Part I, Item 3D. *Risk Factors* above.

C. Organizational Structure

A list of our significant subsidiaries, including name, country of incorporation or residence and proportion of ownership interest and voting power is provided as “Exhibit 21.1” under Part III, Item 19. *Exhibits* and is incorporated herein by reference.

CORPORATE STRUCTURE

The following chart reflects our corporate structure as of December 31, 2015.



- (1) For a more detailed description of our Long-Term Incentive Plans see the discussion set forth under “*Share Based Compensation Plans*” contained in this Report in Part I, Item 6B. *Compensation*.
- (2) As of December 31, 2015, we had \$1,150 million aggregate principal amount of 2019 Cash Convertible Senior Notes outstanding.
- (3) As of December 31, 2015, no borrowings outstanding under the New RCF Agreement.
- (4) As of December 31, 2015, we had \$3,483 million aggregate principal amount outstanding under the Term Loans.
- (5) As of December 31, 2015, we had \$3,250 million aggregate principal amount of Unsecured Notes outstanding.
- (6) As of December 31, 2015, we had \$1,460 million aggregate principal amount of Secured Notes outstanding.
- (7) This list of material subsidiaries includes the subsidiaries that are guarantors under our New RCF Agreement and our New Secured Term Credit Agreement. Other subsidiaries provide a guarantee under certain of our other outstanding indebtedness. See Item 5, B. Liquidity and Capital Resources, under the captions 2015 Financing Activities, 2014 Financing Activities and 2013 Financing Activities.

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D. Property, Plant and Equipment

NXP uses 136 sites in 32 countries with approximately 14.0 million square feet of total owned and leased building space of which 10.6 million square feet is owned property.

The following table sets out our principal real property holdings as of December 31, 2015:

<u>Location</u>	<u>Use</u>	<u>Owned/leased</u>	<u>Building space (square feet)</u>
Eindhoven, the Netherlands	Headquarters	Leased	152,666
Hamburg, Germany	Manufacturing	Owned	749,609
Nijmegen, the Netherlands	Manufacturing	Owned	1,515,550
Singapore	Manufacturing	Owned	738,877
Bangkok, Thailand	Manufacturing	Owned	516,022
Cabuyao, Philippines	Manufacturing	Owned	494,656
Kaohsiung, Taiwan	Manufacturing	Owned	636,395
Manchester, United Kingdom	Manufacturing	Owned	264,340
Guangdong, China	Manufacturing	Leased	927,569
Tianjin, China	Manufacturing	Owned	446,687
Seremban, Malaysia	Manufacturing	Owned	321,174
Kuala Lumpur, Malaysia	Manufacturing	Owned	834,208
Chandler, United States	Manufacturing	Owned	1,173,196
Austin (Oak Hill), United States	Manufacturing	Owned	1,510,938
Austin (Ed Bluestein), United States	Manufacturing	Owned	1,243,925

Areas which are not fully closed are not considered as buildings (eg. sport fields, parking space). If it is not possible to differentiate between production facility and offices in the same building all is considered manufacturing.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

Critical Accounting Estimates

The preparation of financial statements and related disclosures in accordance with U.S. GAAP requires our management to make judgments, assumptions and estimates that affect the amounts reported in our Consolidated Financial Statements and the accompanying notes. Our management bases its estimates and judgments on historical experience, current economic and industry conditions and on various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions.

The methods, estimates, and judgments that we use in applying our accounting policies have a significant impact on the results that we report in our consolidated financial statements. Some of our accounting policies require us to make difficult and subjective judgments, often as a result of the need to make estimates regarding matters that are inherently uncertain. Our most critical accounting estimates include:

- the valuation of inventory, which impacts gross margin;
- the assessment of recoverability of goodwill, identified intangible assets and tangible fixed assets, which impacts gross margin or operating expenses when we record asset impairments or accelerate their depreciation or amortization;
- revenue recognition, which impacts our results of operations;
- the recognition of current and deferred income taxes (including the measurement of uncertain tax positions), which impacts our provision for income taxes;
- the assumptions used in the determination of postretirement benefit obligations, which impacts operating expenses;
- the assumptions used in the determination of share based compensation, which impacts gross margin and operating expenses; and
- the recognition and measurement of loss contingencies, which impacts gross margin or operating expenses when we recognize a loss contingency or revise the estimates for a loss contingency.

In the following section, we discuss these policies further, as well as the estimates and judgments involved.

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Inventories

Inventories are valued at the lower of cost or market. We regularly review our inventories and write down our inventories for estimated losses due to obsolescence. This allowance is determined for groups of products based on sales of our products in the recent past and/or expected future demand. Future demand is affected by market conditions, technological obsolescence, new products and strategic plans, each of which is subject to change with little or no forewarning. In estimating obsolescence, we utilize information that includes projecting future demand.

The need for strategic inventory levels to ensure competitive delivery performance to our customers are balanced against the risk of inventory obsolescence due to rapidly changing technology and customer requirements.

The change in our reserves for inventories was primarily due to the normal review and accrual of obsolete or excess inventory. If actual future demand or market conditions are less favorable than those projected by our management, additional inventory write-downs may be required.

Goodwill

Goodwill is required to be tested for impairment at least annually or sooner whenever events or changes in circumstances indicate that the assets may be impaired. Such events or changes in circumstances can be significant changes in business climate, operating performance or competition, or upon the disposition of a significant portion of a reporting unit. A significant amount of judgment is involved in determining if an indicator of impairment has occurred between annual test dates. This impairment review compares the fair value for each reporting unit containing goodwill to its carrying value. Determining the fair value of a reporting unit involves the use of significant estimates and assumptions, including projected future cash flows, discount rates based on weighted average cost of capital and future economic and market conditions. We base our fair-value estimates on assumptions we believe to be reasonable. Actual cash flow amounts for future periods may differ from estimates used in impairment testing.

For the annual impairment assessment in 2015, we determined that for each of our reporting units, it was more likely than not that the fair value of the reporting units exceeded the carrying value. During the fourth quarter of each of the prior two fiscal years, we have completed our annual impairment assessments and concluded that goodwill was not impaired in any of these years.

Impairment or disposal of identified intangible assets and tangible fixed assets

We perform reviews of property, plant and equipment, and certain identifiable intangibles, excluding goodwill, to determine if facts and circumstances indicate that the useful life is shorter than what we had originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, we assess the recoverability of the long-lived assets by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. In the event such cash flows are not expected to be sufficient to recover the recorded value of the assets, the assets are written down to their estimated fair values based on the expected discounted future cash flows attributable to the assets or based on appraisals. Impairment losses, if any, are based on the excess of the carrying amount over the fair value of those assets.

The assumptions and estimates used to determine future values and remaining useful lives of our intangible and other long-lived assets are complex and subjective. They can be affected by various factors, including external factors such as industry and economic trends, and internal factors such as changes in our business strategy and our forecasts for specific product lines. In 2015, we recognized disposals of intangibles relative to our sale of the Bipolar and RF Power Businesses. No impairment or disposal of identified intangible assets and tangible fixed assets were required to be recognized in 2014 and 2013.

Revenue recognition

The Company's revenue is derived from sales to distributors, made-to-order sales to Original Equipment Manufacturers ("OEMs") and similar customers.

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or the service has been provided, the sales price is fixed or determinable, and collection is reasonably assured, based on the terms and conditions of the sales contract. For made-to-order sales, these criteria are met at the time the product is shipped and delivered to the customer and title and risk have passed to the customer. Acceptance of the product by the customer is generally not contractually required, since, for made-to-order customers, design approval occurs before manufacturing and subsequently delivery follows without further acceptance protocols. Payment terms used are those that are customary in the particular geographic market. When management has established that all aforementioned conditions for revenue recognition have been met and no further post-shipment obligations exist, revenue is recognized.

For sales to distributors, revenue is recognized upon sale to the distributor (sell-in accounting). We record reductions to sales associated with reserves for allowances for collectability, discounts, price protection, product returns and distributor incentive programs at the time the related sale is recognized. The establishment of such reserves is dependent on a variety of factors, including contractual terms, analysis of historical data, current economic conditions, industry demand and both the current and forecasted pricing environments. The process of evaluating these factors is highly subjective and requires significant estimates, including, but not limited to, forecasted demand, returns, pricing assumptions and inventory levels. In future periods, additional provisions may be necessary due to a deterioration in the semiconductor pricing environment, reductions in anticipated demand for semiconductor products and/or lack of market acceptance for new products. If these factors result in a significant adjustment to our reserves, they could significantly impact our future operating results.

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Distributor reserves estimate the impact of credits granted to distributors under certain programs common in the semiconductor industry whereby distributors receive certain price adjustments to meet individual competitive opportunities, or are allowed to return or scrap a limited amount of product in accordance with contractual terms agreed upon with the distributor, or receive price protection credits when our standard published prices are lowered from the price the distributor paid for product still in its inventory. The Company's policy is to use a rolling historical experience rate, as well as a prospective view of products and pricing in the distribution channel for distributors who participate in our volume rebate incentive program, in order to estimate the proper provision for this program at the end of any given reporting period. We continually monitor the actual claimed allowances against our estimates, and we adjust our estimates as appropriate to reflect trends in pricing environments and inventory levels. Distributor reserves are also adjusted when recent historical data does not represent anticipated future activity.

Income taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. Measurement of deferred tax assets and liabilities is based upon the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax liabilities for withholding taxes on dividends from subsidiaries are recognized in situations where the company does not consider the earnings indefinitely reinvested and to the extent that these withholding taxes are not expected to be refundable.

Deferred tax assets, including assets arising from loss carryforwards, are recognized, net of a valuation allowance, if based upon the available evidence it is more likely than not that the asset will be realized.

The income tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authorities. The income tax benefit recognized is measured based on the largest benefit that is more than 50% likely to be realized upon resolution of the uncertainty. Unrecognized tax benefits are presented as a reduction to the deferred tax asset for related net operating loss carryforwards, unless these would not be available, in which case the uncertain tax benefits are presented together with the related interest and penalties as a liability, under accrued liabilities and other non-current liabilities based on the timing of the expected payment. Penalties are recorded as income tax expense, whereas interest is reported as financial expense in the statement of operations.

Postretirement benefits

The Company's employees participate in pension and other postretirement benefit plans in many countries. The costs of pension and other postretirement benefits and related assets and liabilities with respect to the Company's employees participating in defined-benefit plans are based upon actuarial valuations.

The projected defined-benefit obligation is calculated annually by qualified actuaries using the projected unit credit method. For the Company's major plans, the discount rate is derived from market yields on high quality corporate bonds. Plans in countries without a deep corporate bond market use a discount rate based on the local government bond rates.

In calculating obligation and expense, the Company is required to select actuarial assumptions. These assumptions include discount rate, expected long-term rate of return on plan assets and rates of increase in compensation costs determined based on current market conditions, historical information and consultation with and input from our actuaries. Changes in the key assumptions can have a significant impact to the projected benefit obligations, funding requirements and periodic pension cost incurred. A sensitivity analysis is provided in note 14, "Postretirement Benefit Plans".

The Company determines the fair value of plan assets based on quoted prices or comparable prices for non-quoted assets. For a defined-benefit pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement defined benefit plan it is the accumulated postretirement benefit obligation.

Share-based compensation

We recognize compensation expense for all share-based awards based on the grant-date estimated fair values, net of an estimated forfeiture rate. We use the Black-Scholes option pricing model to determine the estimated fair value for certain awards. Share-based compensation cost for restricted share units ("RSU"s) with time-based vesting is measured based on the closing fair market value of our common stock on the date of the grant, reduced by the present value of the estimated expected future dividends, and then multiplied by the number of RSUs granted. Share-based compensation cost for performance-based share units ("PSU"s) granted with performance or market conditions is measured using a Monte Carlo simulation model on the date of grant.

Our valuation models and generally accepted valuation techniques require us to make assumptions and to apply judgment to determine the fair value of our awards. These assumptions and judgments include estimating the volatility of our stock price, expected dividend yield, employee turnover rates and employee stock option exercise behaviors. Due to the lack of extensive history as a public company, the computation of the expected volatility assumptions used in the Black-Scholes calculations for grants was based on historical volatilities and implied volatilities of our peer group companies. When establishing the expected life assumption, we used the 'simplified' method prescribed in ASC Topic 718 for companies that do not have adequate historical data. The risk-free interest rate is measured as the prevailing yield for a U.S. Treasury security with a maturity similar to the expected life assumption. We also estimate a forfeiture rate at the time of grant and revise this rate in subsequent periods if actual forfeitures or vesting differ from the original estimates.

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We evaluate the assumptions used to value our awards on a quarterly basis. If factors change and we employ different assumptions, share-based compensation expense may differ significantly from what we have recorded in the past. If there are any modifications or cancellation of the underlying unvested securities, we may be required to accelerate, increase or cancel any remaining unearned share-based compensation expense.

Litigation and claims

We are regularly involved as plaintiffs or defendants in claims and litigation relating to matters such as commercial transactions and intellectual property rights. In addition, our divestments sometimes result in, or are followed by, claims or litigation by either party. From time to time, we also are subject to alleged patent infringement claims. We rigorously defend ourselves against these alleged patent infringement claims. There can be no assurance that the Company's accruals will be sufficient to cover the extent of its potential exposure to losses. Historically, legal actions have not had a material adverse effect on the Company's business, results of operations or financial condition.

The estimated aggregate range of reasonably possible losses is based on currently available information in relation to the claims that have arisen and on the Company's best estimate of such losses for those cases for which such estimate can be made. For certain claims, the Company believes that an estimate cannot currently 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.

Use of Certain Non-GAAP Financial Measures

Net debt is a non-GAAP financial measure and represents total debt (short-term and long-term) after deduction of cash and cash equivalents. Management believes this measure is an appropriate reflection of our net leverage.

We understand that, although net debt is used by investors and securities analysts in their evaluation of companies, this concept has limitations as an analytical tool and it should not be used as an alternative to any other measure in accordance with U.S. GAAP.

A. Operating Results

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Results of Operations

The following table presents the composition of operating income for the years ended December 31, 2015 and 2014.

(\$ in millions, unless otherwise stated)	2015	2014
Revenue	6,101	5,647
% nominal growth	8.0	17.3
Gross profit	2,787	2,640
Research and development	(890)	(763)
Selling, general and administrative (SG&A)	(922)	(686)
Amortization of acquisition-related intangible assets	(223)	(152)
Other income (expense)	1,263	10
Operating income	2,015	1,049

Revenue

The following table presents revenue by segment for the years ended December 31, 2015 and 2014.

(\$ in millions, unless otherwise stated)	2015		2014	
	Revenue	% nominal growth	Revenue	% nominal growth
High Performance Mixed Signal ("HPMS")	4,720	12.2	4,208	19.1
Standard Products ("SP")	1,241	(2.7)	1,275	11.4
Corporate and Other	140	(14.6)	164	19.7
Total	6,101	8.0	5,647	17.3

Revenue increased by \$454 million to \$6,101 million in 2015 compared to \$5,647 million in 2014, a nominal increase of 8.0%. The increase was driven by growth in our HPMS segment, offset by a decrease in SP and Corporate and Other.

Our HPMS segment saw an increase in revenue of \$512 million to \$4,720 million in 2015 compared to \$4,208 million in 2014. The increase was primarily driven by the acquisition of Freescale and the inclusion of their activity from December 7, 2015, onward, increased demand in Secure Connected Devices with the ramp up of mobile transactions in high-end smartphone and tablet platforms and increased demand in Automotive, driven mainly by car entertainment products. These increases were partially offset by the divestment of RF Power on December 7, 2015. Our Secure Identification Solutions business remained essentially flat year on year.

Revenue for our SP segment decreased by \$34 million to \$1,241 million in 2015, compared to \$1,275 million in 2014. The decrease was primarily due to decreased demand in general applications.

Revenue for Corporate and Other amounted to \$140 million in 2015, compared to \$164 million in 2014 and mainly related to our manufacturing operations.

Gross Profit

The following table presents gross profit by segment for the years ended December 31, 2015 and 2014.

(\$ in millions, unless otherwise stated)	2015		2014	
	Gross Profit	% of segment revenue	Gross Profit	% of segment revenue
HPMS	2,367	50.1	2,253	53.5
SP	417	33.6	382	30.0
Corporate and Other	3	2.1	5	3.0
Total	2,787	45.7	2,640	46.8

Gross profit in 2015 was \$2,787 million, or 45.7% of revenue compared to \$2,640 million, or 46.8% of revenue in 2014, an increase of \$147 million. Our gross profit is heavily influenced by customer mix, product mix and manufacturing costs.

Our HPMS segment had a gross profit of \$2,367 million, or 50.1% of revenue in 2015, compared to \$2,253 million, or 53.5% of revenue in 2014. The decrease in the gross profit percentage of 3.4 points as a percentage of revenue was primarily driven by the impact of purchase accounting on inventory of \$149 million and property, plant and equipment of \$15 million, as a result of the merger with Freescale.

Gross profit in our SP segment was \$417 million, or 33.6% of revenue in 2015, compared to \$382 million, or 30.0% of revenue in 2014. The increase in the gross profit percentage of 3.6 points was primarily driven by a more beneficial product mix and improved manufacturing costs.

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Operating Expenses

The following table presents operating expenses by segment for the years ended December 31, 2015 and 2014.

(\$ in millions, unless otherwise stated)	2015		2014	
	Operating expenses	% of segment revenue	Operating expenses	% of segment revenue
HPMS	1,674	35.5	1,278	30.4
SP	223	18.0	262	20.5
Corporate and Other	138	—	61	—
Total	2,035	33.4	1,601	28.4

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

(\$ in millions, unless otherwise stated)	2015	2014
Research and development	890	763
Selling, general and administrative	922	686
Amortization of acquisition-related intangible assets	223	152
Operating expenses	2,035	1,601

Operating expenses were \$2,035 million, or 33.4% of revenue in 2015, compared to \$1,601 million, or 28.4% of revenue in 2014, an increase of \$434 million, or an increase of 5.0 points as a percentage of revenue. The increase in operating expenses was primarily due to the acquisition of Freescale: the inclusion of their activity from December 7, 2015 onward and the related amortization of acquisition related intangibles of \$105 million, the restructuring charge of \$226 million, the charge for the acceleration of share-based compensation costs of \$49 million for employees terminated in relation to the Merger and \$42 million of merger-related costs.

In our HPMS segment, operating expenses amounted to \$1,674 million, or 35.5% of revenue in 2015, compared to \$1,278 million, or 30.4% of revenue in 2014. The increase was primarily driven by the acquisition of Freescale—the inclusion of their activity from December 7, 2015 onward and the related amortization of acquisition related intangibles of \$105 million, the restructuring charge of \$226 million and the charge for the acceleration of share-based compensation costs of \$49 million for employees terminated in relation to the Merger.

Operating expenses in our SP segment decreased to \$223 million, or 18.0% of revenue in 2015 compared to \$262 million or 20.5% of revenue in 2014. The decrease in operating expenses was mainly driven by a strong focus on cost control to compensate for the decrease in revenue.

Operating expenses in Corporate and Other increased by \$77 million to \$138 million in 2015 compared to \$61 million in 2014. The increase compared to the prior year period was primarily due to merger-related costs in connection with the acquisition of Freescale as noted above.

Restructuring Charges

Total restructuring and restructuring related costs amounted to \$264 million in 2015 compared to \$57 million in 2014.

In 2015, restructuring charges included employee severance costs of \$239 million, and other exit costs of \$27 million. The majority of these costs related to the acquisition of Freescale.

In 2014, we had restructuring charges, which related to a workforce reduction charge as a result of redundancy at our ICN 8 wafer fab in Nijmegen of \$16 million and at our wafer fab in Hamburg of \$5 million. The remaining restructuring and restructuring related costs were for the cumulative impact of specific targeted actions.

Other Income (Expense)

The following table presents other income (expense) for the years ended December 31, 2015 and 2014.

(\$ in millions, unless otherwise stated)	2015	2014
Other income (expense)	1,263	10

Other income (expense) reflects income of \$1,263 million for 2015 compared to \$10 million of income in 2014. Included in 2015 is the gain on the sale of NXP's Bipolar Power business line and RF Power business to JAC Capital in the fourth quarter average of 2015. We established a 49% owned joint venture (JV) with JAC Capital to combine NXP's advanced technology from its Bipolar Power business line with JAC Capital's connections in the Chinese manufacturing network and distribution channels. The results of the Bipolar Power business were previously consolidated in the reportable segment SP. The new joint venture will be reported in Corporate and Other going forward. The results of the RF Power business were previously consolidated in the reportable segment HPMS.

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Financial Income (Expense)

(\$ in millions)	For the years ended December 31,	
	2015	2014
Interest income	6	3
Interest expense	(227)	(158)
Foreign exchange rate results	(193)	(246)
Net gain (loss) on extinguishment of debt	—	(3)
Change in fair value of the warrant liability	(31)	(2)
Other	(84)	(64)
Total	(529)	(410)

Financial income (expense) was an expense of \$529 million in 2015, compared to an expense of \$410 million in 2014. In 2015, financial income (expense) included a loss of \$193 million as a result of changes in foreign exchange rates mainly applicable to the re-measurement of our U.S. dollar-denominated notes and short-term loans, which reside in a euro functional currency entity, compared to a loss of \$246 million in 2014. Net interest expense amounted to \$221 million in 2015 compared to \$155 million in 2014. The increase in net interest expense was due to interest on our outstanding Term Loans, the Cash Convertible Senior Notes and the Secured Notes that we assumed in the acquisition of Freescale, together with the amortization of related debt issuance costs and the accretion of the debt discount on the newly issued Term Loan B and on the Cash Convertible Senior Notes. Starting in 2016, we expect to incur significantly higher aggregate interest expense due to the full annual effect of the borrowings we incurred to acquire Freescale, including the impact of purchase accounting on such debt. The related debt issuance costs will be charged to interest expense using the effective interest method over the respective borrowing terms. The change in fair value of the warrant liability, an expense of \$31 million, resulted from the mark-to-market adjustment on the Warrant liability due to the increase in NXP's share price over the 12-month period (2014: \$2 million). In 2015, other included expenses of \$71 million related to the financing activities for the acquisition of Freescale. As of January 1, 2016, as a result of the acquisition of Freescale, NXP has concluded that the functional currency of the holding company is USD. Beginning from January 1, 2016, the warrants will now be classified in stockholders' equity, and mark-to-market accounting will no longer be applicable. In addition our U.S. dollar-denominated notes and short-term loans will no longer need to be re-measured.

Benefit (Provision) for Income Taxes

The effective tax rate was (7.0)% for 2015 compared with 6.3% for 2014. Our effective tax rate reflects the impact of our earnings being taxed in foreign jurisdictions at rates below the Netherlands statutory rate of 25.0%, and the relative mix of income and losses in these foreign jurisdictions including those where a full valuation allowance is recorded, in addition to tax incentives in certain jurisdictions. We recognized a benefit from income taxes of \$104 million in 2015 compared with a provision for income taxes of \$40 million in 2014. In 2015 we recognized a benefit from income taxes compared to a tax expense in 2014 due to increased tax benefits for R&D tax allowances & incentives, tax benefits from a change in the valuation allowance and the impact of purchase accounting on intangible assets in relation to the acquisition of Freescale.

Results Relating to Equity-accounted Investees

Results relating to the equity-accounted investees amounted to a gain of \$9 million in 2015, compared to a gain of \$8 million in 2014.

Non-controlling Interests

Non-controlling interests are related to the third party share in the results of consolidated companies, predominantly SSMC. Their share of non-controlling interests amounted to a profit of \$73 million in 2015, compared to a profit of \$68 million in 2014.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Results of Operations

The following table presents the composition of operating income for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014	2013
Revenue	5,647	4,815
% nominal growth	17.3	10.5
Gross profit	2,640	2,177
Research and development	(763)	(639)
Selling, general and administrative (SG&A)	(838)	(896)
Other income (expense)	10	9
Operating income	1,049	651

Revenue

The following table presents revenue by segment for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014		2013	
	Revenue	% nominal growth	Revenue	% nominal growth
High Performance Mixed Signal (“HPMS”)	4,208	19.1	3,533	18.7
Standard Products (“SP”)	1,275	11.4	1,145	(2.0)
Corporate and Other	164	19.7	137	(36.0)
Total	5,647	17.3	4,815	10.5

Revenue increased by \$832 million to \$5,647 million in 2014 compared to \$4,815 million in 2013, a nominal increase of 17.3%. The increase was driven by strong growth in all of our business lines, highlighted by the growth in our HPMS segment.

Our HPMS segment saw an increase in revenue of \$675 million to \$4,208 million in 2014 compared to \$3,533 million in 2013. The increase was primarily driven by increased demand in all four business lines—Automotive, Identification, Infrastructure & Industrial and Portable & Computing. The increase in Automotive was driven by our In-Vehicle Networking products. The increase in Identification was primarily driven by our embedded secure solutions associated with the ramp up of mobile transactions used in high-end smartphone and tablet platforms and continued demand for banking dual-interface cards. The increase in Infrastructure & Industrial was mainly in RF Power, in connection with the roll out of 4G base stations. The increase in Portable & Computing was driven by our microcontrollers and interface products.

Revenue for our SP segment increased by \$130 million to \$1,275 million in 2014, compared to \$1,145 million in 2013. The increase was primarily due to increased demand in general applications, as a result of market share gains.

Revenue for Corporate and Other amounted to \$164 million in 2014, compared to \$137 million in 2013 and mainly related to our manufacturing operations.

Gross Profit

The following table presents gross profit by segment for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014		2013	
	Gross Profit	% of segment revenue	Gross Profit	% of segment revenue
HPMS	2,253	53.5	1,905	53.9
SP	382	30.0	285	24.9
Corporate and Other	5	3.0	(13)	(9.5)
Total	2,640	46.8	2,177	45.2

Gross profit in 2014 was \$2,640 million, or 46.8% of revenue compared to \$2,177 million, or 45.2% of revenue in 2013, an increase of \$463 million. This increase was primarily attributable to market share gains in all business lines but primarily in our HPMS segment. Our gross profit rate, up 1.6 points when compared to 2013, is heavily influenced by our product mix and the end customer mix in our business lines.

Our HPMS segment had a gross profit of \$2,253 million, or 53.5% of revenue in 2014, compared to \$1,905 million, or 53.9% of revenue in 2013. The decrease in the gross profit percentage of 0.4 points was driven by changes in our product mix primarily in our Identification business line as well as new product introduction costs.

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Gross profit in our SP segment was \$382 million, or 30.0% of revenue in 2014, compared to \$285 million, or 24.9% of revenue in 2013. The increase in the gross profit percentage of 5.1 points was driven by the benefit of market share gains, favorable pricing, product mix and improved manufacturing costs, partly from lower depreciation expenses.

Operating Expenses

The following table presents operating expenses by segment for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014		2013	
	Operating expenses	% of segment revenue	Operating expenses	% of segment revenue
HPMS	1,278	30.4	1,193	33.8
SP	262	20.5	247	21.6
Corporate and Other	61	—	95	—
Total	1,601	28.4	1,535	31.9

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

(\$ in millions, unless otherwise stated)	2014	2013
Research and development	763	639
Selling, general and administrative	838	896
Operating expenses	1,601	1,535

Operating expenses were \$1,601 million, or 28.4% of revenue in 2014, compared to \$1,535 million, or 31.9% of revenue in 2013, an increase of \$66 million, or a decrease of 3.5 points as a percentage of revenue. The increase in operating expenses was primarily due to higher share-based compensation costs and an increased investment in research and development. The increase was offset by lower PPA expenses mainly due to certain intangible assets becoming fully amortized in the course of 2014. The decrease of operating expenses as a percentage of revenue was primarily driven by our continued focus on cost controls in SG&A.

In our HPMS segment, operating expenses amounted to \$1,278 million, or 30.4% of revenue in 2014, compared to \$1,193 million, or 33.8% of revenue in 2013. The increase was primarily driven by increased investment in research and development and increased share-based compensation costs.

Operating expenses in our SP segment increased to \$262 million, or 20.5% of revenue in 2014 compared to \$247 million or 21.6% of revenue in 2013. The increase in operating expenses was mainly driven by higher share-based compensations costs.

Operating expenses in Corporate and Other decreased by \$34 million to \$61 million in 2014 compared to \$95 million in 2013. The decrease compared to the prior year period was primarily due to lower restructuring and restructuring-related costs.

Other Income (Expense)

The following table presents other income (expense) for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014	2013
Other income (expense)	10	9

Other income (expense) reflects income of \$10 million for 2014 compared to \$9 million of income in 2013.

Restructuring Charges

Restructuring and restructuring related costs amounted to \$57 million in 2014 compared to \$40 million in 2013.

In 2014, we had restructuring charges, which related to a workforce reduction charge as a result of redundancy at our ICN 8 wafer fab in Nijmegen of \$16 million and for our wafer fab in Hamburg of \$5 million. The remaining restructuring and restructuring related costs were for the cumulative impact of specific targeted actions.

In 2013, we had restructuring charges related mainly to a charge of \$16 million associated with onerous contracts relating to leased office buildings in the Netherlands and France. The remaining restructuring and restructuring related costs were for the cumulative impact of specific targeted actions.

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Operating Income (Loss)

The following table presents operating income (loss) by segment for the years ended December 31, 2014 and 2013.

(\$ in millions, unless otherwise stated)	2014		2013	
	Operating income (loss)	% of segment revenue	Operating income (loss)	% of segment revenue
HPMS	983	23.4	712	20.2
SP	120	9.4	39	3.4
Corporate and Other	(54)	—	(100)	—
Total	1,049	18.6	651	13.5

The table below summarizes the PPA effects for the years ended December 31, 2015 and 2014 on operating income (loss) by segment.

(\$ in millions, unless otherwise stated)	2014	2013
HPMS	(84)	(163)
SP	(58)	(59)
Corporate and Other	(25)	(24)
Total	(167)	(246)

The table below depicts the PPA effects within the Statement of Operations for the years ended December 31, 2014 and 2013.

(\$ in millions)	2014	2013
Gross profit	(12)	(14)
Selling, general and administrative	(152)	(232)
Other income (expense)	(3)	—
Operating income (loss)	(167)	(246)

“PPA effects” reflect the amortization in the period related to fair value adjustments resulting from acquisition accounting and other acquisition adjustments charged to the income statement applied to the formation of NXP on September 29, 2006 and all subsequent acquisitions. The PPA effect on the Company’s gross profit refers to additional depreciation charges on tangible fixed assets, resulting from the step-up in fair values. The amortization charges related to long-lived intangible assets are reflected in general and administrative expenses.

The decrease in PPA effects results in part from certain items becoming fully amortized during the course of 2014.

Financial Income (Expense)

(\$ in millions)	For the years ended December 31,	
	2014	2013
Interest income	3	3
Interest expense	(158)	(214)
Foreign exchange rate results	(246)	62
Net gain (loss) on extinguishment of debt	(3)	(114)
Other	(6)	(11)
Total	(410)	(274)

Financial income (expense) was an expense of \$410 million in 2014, compared to an expense of \$274 million in 2013. Extinguishment of debt in 2014 amounted to a loss of \$3 million compared to a loss of \$114 million in 2013. In 2014, financial income (expense) included a loss of \$246 million as a result of changes in foreign exchange rates mainly applicable to re-measurement of our U.S. dollar-denominated notes and short-term loans, which reside in a euro functional currency entity, compared to a gain of \$62 million in 2013. The net interest expense amounted to \$155 million in 2014 compared to \$211 million in 2013. This was mainly attributable to a lower average interest rate on our long-term debt of 3.9% in 2014 compared to 5.2% in 2013.

Benefit (Provision) for Income Taxes

The provision for income taxes was \$40 million for the year ended December 31, 2014, compared to \$20 million for the year ended December 31, 2013, and the effective income tax rates were 6.3% and 5.3%, respectively. The effective income tax rates were impacted by foreign earnings taxed at lower rates than the Netherlands statutory rate, tax incentives in certain jurisdictions, and the mix of income and losses in various jurisdictions.

Results Relating to Equity-accounted Investees

Results relating to the equity-accounted investees amounted to a gain of \$8 million in 2014, compared to a gain of \$58 million in 2013. The gain in 2013 primarily reflects a \$46 million release of the contingent liability related to an arbitration commenced by ST. By ruling of April 2, 2013, the ICC arbitration tribunal dismissed all claims made by ST in this arbitration. No appeal is available to ST. Based on this award, the provision amounting to \$46 million, established in 2012 was released.

Non-controlling Interests

Non-controlling interests are related to the third party share in the results of consolidated companies, predominantly SSMC. Their share of non-controlling interests amounted to a profit of \$68 million in 2014, compared to a profit of \$67 million in 2013.

B. Liquidity and Capital Resources

Liquidity and Capital Resources

As of December 31, 2015, our cash balance was \$1,614 million, of which \$485 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. In 2015, a dividend of \$130 million was distributed, of which \$50 million was distributed to the joint venture partner.

Taking into account the available undrawn amount under the New RCF Agreement, we had access to \$2,214 million of liquidity as of December 31, 2015.

Our capital expenditures were \$341 million in 2015, compared to \$329 million in 2014.

The total amount of cash used for financing activities amounted to \$449 million.

As of December 31, 2015, we had an undrawn availability of \$600 million remaining under the New RCF Agreement.

For the year ended December 31, 2015, we incurred total net interest expense of \$221 million compared to \$155 million during 2014. The weighted average interest rates on our debt instruments as of December 31, 2015 and December 31, 2014 were 3.9% and 3.3%, respectively.

We repurchased 5.3 million of our common stock pursuant to our share buyback program during 2015 at a weighted average price of \$88.93 per share.

Our sources of liquidity include cash on hand, cash flow from operations and amounts available under the New RCF Agreement. We believe that, based on our current level of operations as reflected in our results of operations for the year ended December 31, 2015, these sources of liquidity will be sufficient to fund our operations, capital expenditures, and debt service for at least the next twelve months.

From time to time, we engage in discussions with third parties regarding potential acquisitions of, or investments in, businesses, technologies and product lines, such as our recent acquisition Freescale. Any such transaction could require significant use of our cash and cash equivalents, or require us to arrange for new debt and equity financing to fund the transaction. Our ability to make scheduled payments or to refinance our debt obligations depends on our financial and operating performance, which is subject to prevailing economic and competitive conditions. In the future, we may not be able to maintain a level of cash flows from operating activities sufficient to permit us to pay principal, premium, if any, and interest on our indebtedness. Our business may not generate sufficient cash flow from operations, or we may not have enough capacity under the New RCF Agreement, or from other sources in an amount sufficient to enable us to repay our indebtedness, including the New RCF Agreement, the Term Loans, the Secured Notes, the Unsecured Notes or to fund our other liquidity needs, including working capital and capital expenditure requirements. In any such case, we may be forced to reduce or delay capital expenditures, sell assets or operations, seek additional capital or restructure or refinance our indebtedness. See Part I, Item 3D. *Risk Factors*.

Cash Flow from Operating Activities

In 2015 our operating activities provided \$1,330 million in cash. This was primarily the result of net income of \$1,599 million and changes in operating assets and liabilities of \$56 million. Net income includes non-cash items, such as the gain on the sale of assets of \$1,263 million, depreciation and amortization of \$517 million and share-based compensation of \$216 million.

In 2014 our operating activities provided \$1,468 million in cash. This was primarily the result of net income of \$607 million and changes in operating assets and liabilities of \$82 million. Net income includes non-cash items, such as depreciation and amortization, of \$778 million.

In 2013 our operating activities provided \$891 million in cash. This was primarily the result of net income of \$415 million and changes in operating assets and liabilities of \$155 million. Net income includes non-cash items, such as depreciation and amortization, of \$628 million.

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Cash Flow from Investing Activities

Net cash used for investing activities amounted to \$430 million in 2015 and principally consisted of cash outflows for purchases of interests in business (net of cash) of \$1,692 million, capital expenditures of \$341 million and \$12 million for the purchase of identified intangible assets, mainly related to the purchase of software offset by proceeds of \$1,605 million from the sale of business (net of cash).

Net cash used for investing activities amounted to \$387 million in 2014 and principally consisted of cash outflows for capital expenditures of \$329 million and \$36 million for the purchase of identified intangible assets, mainly related to the purchase of software.

Net cash used for investing activities amounted to \$240 million in 2013 and principally consisted of cash outflows for capital expenditures of \$215 million and \$35 million for the purchase of identified intangible assets, mainly related to the purchase of software.

Cash Flow from Financing Activities

Net cash used for financing activities was \$449 million in 2015, \$554 million in 2014 and \$598 million in 2013. The cash flows related to financing transactions in 2015, 2014 and 2013 are primarily related to the financing activities described below under the captions *2015 Financing Activities*, *2014 Financing Activities* and *2013 Financing Activities*, respectively.

In addition to the financing activities described below, net cash used for financing activities by year included:

	Year ended December 31,		
	2015	2014	2013
Net (repayments) borrowings under revolving credit facility	—	(150)	(80)
Proceeds from the sale of warrants	—	134	—
Cash paid for Notes hedge derivatives	—	(208)	—
Dividends paid to non-controlling interests	(51)	(50)	(48)
Purchase of non-controlling interest shares	—	—	(12)
Cash proceeds from exercise of stock options	51	145	177
Purchase of treasury shares	(475)	(1,435)	(405)

2015 Financing Activities

New RCF Agreement

On December 7, 2015, NXP B.V. and NXP Funding LLC, entered into a \$600 million revolving credit facility agreement (the “New RCF Agreement”). There are currently no borrowings under this facility.

Secured Bridge Term Credit Agreement

On December 7, 2015, NXP B.V. and NXP Funding LLC, entered into a \$1,000 million secured bridge term credit facility agreement (the “Secured Bridge Term Credit Agreement”). The Secured Bridge Term Credit Agreement was repaid in full on December 16, 2015.

Secured Notes

In connection with the Merger, the Indenture, dated as of May 31, 2013 (the “2021 Freescale Indenture”), by and among Freescale Semiconductor, Inc. (the “Freescale Issuer”), an indirect, wholly-owned subsidiary of Freescale, Freescale Semiconductor Holdings II, Ltd., Freescale Semiconductor Holdings III, Ltd., Freescale Semiconductor Holdings IV, Ltd., Freescale Semiconductor Holdings V, Inc. and SigmaTel LLC (the “Freescale Indenture Guarantors”) and The Bank of New York Mellon Trust Company, N.A., as trustee (the “2021 Freescale Trustee”), governing Freescale’s 5.00% Senior Secured Notes due 2021 (the “2021 Freescale Notes”) and the Indenture, dated as of November 1, 2013 (the “2022 Freescale Indenture” and, together with the 2021 Freescale Indenture, the “Freescale Indentures”), by and among the Freescale Issuer, the Freescale Indenture Guarantors and Wells Fargo Bank, National Association, as trustee (the “2022 Freescale Trustee”, together with the 2021 Freescale Trustee, the “Freescale Trustees”), governing Freescale’s 6.00% Senior Secured Notes due 2022 (the “2022 Freescale Notes” and, together with the 2021 Freescale Notes, the “Secured Notes”) were amended and restated on December 7, 2015 (the “A&R Freescale Indentures”). In accordance with the A&R Freescale Indentures, among other things, (x) certain amendments previously approved by the holders of the Freescale Notes as part of the consents solicitations that launched on March 23, 2015 and closed on April 2, 2015 became operative and (y) the NXP B.V., NXP Funding LLC, NXP Semiconductors Netherlands B.V., NXP Semiconductors UK Limited, NXP Semiconductors USA, Inc., NXP Semiconductors Germany GmbH, NXP Semiconductors Hong Kong Limited, NXP Semiconductors Philippines Inc., NXP Semiconductors Singapore Pte. Ltd., NXP Semiconductors Taiwan Ltd. and NXP Manufacturing (Thailand) Ltd. entered into and acceded to the A&R Freescale Indentures as additional guarantors.

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2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes

On June 9, 2015 our subsidiary, NXP B.V. together with NXP Funding LLC issued U.S. dollar-denominated 4.125% and 4.625% Senior Unsecured Notes with an aggregate principal amounts of \$600 million due 2020 and \$400 million due 2022, respectively (the “2020 Senior Unsecured Notes” and the “2022 Senior Unsecured Notes”). The 2020 Senior Unsecured Notes bear interest at a rate of 4.125% per year, while the 2022 Senior Unsecured Notes bear interest at a rate of 4.625% per year, payable semi-annually on June 15 and December 15 of each year, beginning on December 15, 2015. The 2020 Senior Unsecured Notes will mature on June 15, 2020. The 2022 Senior Unsecured Notes will mature on June 15, 2022. The 2020 Senior Unsecured Notes and the 2022 Senior Unsecured Notes were issued at par and were recorded at their fair value of \$600 million and \$400 million, respectively, on the accompanying Consolidated Balance Sheet.

Term Loan B

On December 7, 2015, NXP B.V. and NXP Funding LLC, in connection with the Merger entered into a \$2,700 million secured term credit agreement (the “New Secured Term Credit Agreement”). The term loan under the New Secured Term Credit Agreement was issued at 99.25% of par and was recorded at a fair value of \$2,680 million on the accompanying Consolidated Balance Sheet.

The net proceeds of the 2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes, together with the net proceeds of the Term Loan B, the Secured Bridge Term Credit Agreement, cash-on-hand and/or other available financing resources, were used to (i) pay the cash consideration in connection with the acquisition of Freescale, (ii) effect the repayment of certain amounts under Freescale’s outstanding credit facility and (iii) pay certain transaction costs.

2014 Financing Activities

2017 Term Loan

On February 18, 2014, our subsidiary, NXP B.V. together with NXP Funding LLC entered into a new \$400 million aggregate principal amount Senior Secured Term Loan Facility due March 4, 2017 (the “2017 Term Loan”). Concurrently, NXP repaid the \$486 million principal amount Senior Secured Term Loan Facility due March 4, 2017. A \$100 million draw-down under our existing Revolving Credit Facility and approximately \$5 million of cash on hand were used to settle the combined transactions, as well as pay the related call premium of \$5 million and accrued interest of \$4 million.

2019 Cash Convertible Senior Notes

On November 24, 2014, NXP issued 2019 Cash Convertible Senior Notes with an aggregate principal amount of \$1,150 million, which mature December 1, 2019. The 2019 Cash Convertible Senior Notes were issued at par and were recorded at their fair value of \$1,150 million on the accompanying Consolidated Balance Sheet. We used the net proceeds of \$1,134 million (i) to fund the cost of entering into the cash convertible note hedge transactions (the cost of which were partially offset by the proceeds that NXP received from entering into warrant transactions) with certain hedge counterparties, as described below, (ii) to repay up to €225 million in respect of intercompany loans to our subsidiary NXP B.V., (iii) to fund the repurchase of \$150 million of our common stock in privately negotiated transactions conducted concurrently with the pricing of the 2019 Cash Convertible Senior Notes, and (iv) for general corporate purposes, including additional share repurchases and potential acquisitions.

In connection with the pricing of the 2019 Cash Convertible Senior Notes, NXP entered into separate privately negotiated cash convertible note hedge and warrant transactions with counterparties that include the initial purchasers of the 2019 Cash Convertible Senior Notes or their respective affiliates (the “hedge counterparties”). The cash convertible note hedge transactions will be cash settled upon exercise and are expected generally to offset any cash payments NXP is required to make in excess of the principal amount of the 2019 Cash Convertible Senior Notes upon conversion. The warrant transactions will be net share settled upon exercise and could therefore have a dilutive effect with respect to NXP’s common stock to the extent that the market price per share of NXP’s common stock exceeds the strike price of the warrants. The strike price of the warrant transactions will initially be approximately \$133.32 per share, which represents a premium of approximately 75% over the last reported sale price of NXP’s common stock on November 24, 2014, and is subject to certain adjustments under the terms of the warrant transactions.

2013 Financing Activities

2021 Senior Unsecured Notes

On February 14, 2013 our subsidiary, NXP B.V. together with NXP Funding LLC issued U.S. dollar-denominated 5.75% Senior Unsecured Notes with an aggregate principal amount of \$500 million, which mature February 15, 2021 (the “2021 Unsecured Notes”). The 2021 Unsecured Notes were issued at par and were recorded at their fair value of \$500 million on the accompanying Consolidated Balance Sheet. On March 4, 2013, we used the net proceeds of \$495 million together with approximately \$14 million of cash on hand to fully repay the outstanding principal amount of \$494 million under the Senior Secured Term Loan Facility due April 3, 2017, as well as to pay related call premiums of \$10 million and accrued interest of \$5 million.

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2023 Senior Unsecured Notes

On March 12, 2013 our subsidiary, NXP B.V. together with NXP Funding LLC issued U.S. dollar-denominated 5.75% Senior Unsecured Notes with an aggregate principal amount of \$500 million, which mature March 15, 2023 (the “2023 Unsecured Notes”). The 2023 Unsecured Notes were issued at par and were recorded at their fair value of \$500 million on the accompanying Consolidated Balance Sheet. On March 12, 2013, we used the net proceeds of \$495 million to fully repay the \$471 million principal amount Senior Secured Term Loan Facility due March 19, 2019, to pay related call premiums of \$5 million and accrued interest of \$5 million. We used the balance of \$14 million for general corporate purposes.

2018 Senior Unsecured Notes

On May 20, 2013 our subsidiary, NXP B.V. together with NXP Funding LLC issued U.S. dollar-denominated 3.75% Senior Unsecured Notes with an aggregate principal amount of \$750 million, which mature June 1, 2018 (the “2018 Unsecured Notes”).

The 2018 Unsecured Notes were issued at par and were recorded at their fair value of \$750 million on the accompanying Consolidated Balance Sheet. On May 21, 2013, we used the net proceeds of \$743 million together with cash on hand to redeem €142 million aggregate principal amount of Senior Secured Floating Rate Notes due October 2013 for \$184 million, to repurchase \$58 million aggregate principal amount of Senior Secured Floating Rate Notes due October 2013, and to redeem \$615 million aggregate principal amount of Senior Secured Floating Rate Notes due November 2016, as well as to pay related call premiums of \$16 million and accrued interest of \$2 million.

2016 Senior Unsecured Notes

On September 24, 2013 our subsidiary, NXP B.V. together with NXP Funding LLC issued U.S. dollar-denominated 3.5% Senior Unsecured Notes with an aggregate principal amount of \$500 million, which mature September 15, 2016 (the “2016 Unsecured Notes”, and together with the 2021 Unsecured Notes, the 2023 Unsecured Notes and the 2018 Unsecured Notes, the “Unsecured Notes”, and together with the 2019 Cash Convertible Senior Notes, the “Notes”). The 2016 Unsecured Notes were issued at par and were recorded at their fair value of \$500 million on the accompanying Consolidated Balance Sheet. On October 15, 2013, we used the net proceeds of \$495 million to redeem \$422 million aggregate principal amount of Senior Secured Notes due August 2018, as well as to pay related call premiums of \$51 million and accrued interest of \$8 million. We used the balance of \$14 million for general corporate purposes.

2020 Term Loan

On November 27, 2013 our subsidiary, NXP B.V. together with NXP Funding LLC entered into a new \$400 million aggregate principal amount Senior Secured Term Loan Facility due January 11, 2020 (the “2020 Term Loan”, and together with the 2017 Term Loan, the “Term Loans”). Concurrently, NXP repaid the \$496 million principal amount Senior Secured Term Loan Facility due January 11, 2020. A \$100 million draw-down under our existing Revolving Credit Facility and approximately \$6 million of cash on hand were used to settle the combined transactions, as well as pay the related call premium of \$5 million and accrued interest of \$5 million. The exchange of the First 2020 Term Loan for the 2020 Term Loan was a non-cash financing transaction.

Debt Position

Short-term Debt

As of December 31, 2015, our short-term debt of \$556 million included other short-term bank borrowings of \$6 million, related to a local bank loan in China.

As of December 31, 2014, our short-term debt of \$20 million included other short-term bank borrowings of \$8 million, related to a local bank loan in China.

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Long-term Debt

As of December 31, 2015, we had outstanding debt of:

(\$ in millions)	December 31, 2014	Accrual/release Original Issuance/Debt Discount and Debt Issuance Cost	Debt Exchanges/ Repurchases/ New Borrowings	Other ⁽¹⁵⁾	December 31, 2015
U.S. dollar-denominated secured term credit agreement due March 2017 ⁽¹⁾	388	2		(4)	386
U.S. dollar-denominated secured term credit agreement due January 2020 ⁽²⁾	384	2		(4)	382
U.S. dollar-denominated secured term credit agreement due December 2020 ⁽³⁾	—	(41)	2,700	(27)	2,632
U.S. dollar-denominated 3.50% senior unsecured notes due September 2016 ⁽⁴⁾	497	2		(499)	—
U.S. dollar-denominated 3.75% senior unsecured notes due June 2018 ⁽⁵⁾	744	2			746
U.S. dollar-denominated 4.125% senior unsecured notes due June 2020 ⁽⁶⁾	—	(6)	600		594
U.S. dollar-denominated 5.75% senior unsecured notes due February 2021 ⁽⁷⁾	495	1			496
U.S. dollar-denominated 5.00% senior secured notes due May 2021 ⁽⁸⁾	—		500	19	519
U.S. dollar-denominated 6.00% senior secured notes due January 2022 ⁽⁹⁾	—		960	62	1,022
U.S. dollar-denominated 4.625% senior unsecured notes due June 2022 ⁽¹⁰⁾	—	(4)	400		396
U.S. dollar-denominated 5.75% senior unsecured notes due March 2023 ⁽¹¹⁾	495	1			496
U.S. dollar-denominated 1.00% cash convertible senior notes due December 2019 ⁽¹²⁾	930	42			972
	3,933	1	5,160	(453)	8,641
New RCF Agreement ⁽¹³⁾	—				
Other long-term debt ⁽¹⁴⁾	3			12	15
Total long-term debt	3,936	1	5,160	(441)	8,656

- (1) On February 18, 2014, we entered into the 2017 Term Loan for an aggregate principal amount of \$400 million at a rate of interest of LIBOR plus 2.00% with a floor of 0.75%.
- (2) On November 27, 2013, we entered into the 2020 Term Loan for an aggregate principal amount of \$400 million at a rate of interest of LIBOR plus 2.50% with a floor of 0.75%.
- (3) On December 7, 2015, we entered into a new Term Loan B for an aggregate principal amount of \$2,700 million at a rate of interest of LIBOR plus 3.00% with a floor of 0.75%.
- (4) On September 24, 2013, we issued \$500 million aggregate principal amount of 3.50% Senior Unsecured Notes due 2016.
- (5) On May 20, 2013, we issued \$750 million aggregate principal amount of 3.75% Senior Unsecured Notes due 2018.
- (6) On June 9, 2015, we issued \$600 million aggregate principal amount of 4.125% Senior Unsecured Notes due 2020.
- (7) On February 14, 2013, we issued \$500 million aggregate principal amount of 5.75% Senior Unsecured Notes due 2021.
- (8) On December 7, 2015, we entered into the A&R Indenture governing the 2021 Freescale Notes, Freescale's 5.00% Senior Secured Notes due 2021.
- (9) On December 7, 2015, we entered into the A&R Indenture governing the 2022 Freescale Notes, Freescale's 6.00% Senior Secured Notes due 2022.
- (10) On June 9, 2015, we issued \$400 million aggregate principal amount of 4.625% Senior Unsecured Notes due 2022.
- (11) On March 15, 2013, we issued \$500 million aggregate principal amount of 5.75% Senior Unsecured Notes due 2023.
- (12) On November 24, 2014, we issued \$1,150 million aggregate principal amount of 1.00% Cash Convertible Senior Notes due 2019.
- (13) On December 7, 2015, we entered into a \$600 million revolving credit facility agreement due 2020.
- (14) Other long-term debt mainly concerns capital lease obligations.
- (15) Other mainly concerns the reclassification of the current portion of long-term debt and the purchase price accounting step-up of the Freescale Notes.

We may from time to time continue to seek to retire or purchase our outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise. See the discussion in the "Recent Developments" section in Part I, Item 5A. *Operating Results* and Part II, Item 10C. *Material Contracts*.

Certain Terms of the 2019 Cash Convertible Senior Notes

We have issued \$1,150 million aggregate principal amount of 2019 Cash Convertible Senior Notes, which bear interest at 1.00% per annum and mature on December 1, 2019, unless earlier converted, repurchased or redeemed. The 2019 Cash Convertible Senior Notes pay interest on June 1 and December 1 of each year, beginning on June 1, 2015. The 2019 Cash Convertible Senior Notes are senior unsecured obligations of NXP Semiconductor N.V. and will be settled solely in cash upon conversion. We may not redeem the 2019 Cash Convertible Senior Notes prior to their maturity date other than following the occurrence of certain tax law changes as set forth in the indenture governing the 2019 Cash Convertible Senior Notes (the “Convertible Notes Indenture”). Upon the occurrence of certain events which constitute a “fundamental change” under the Convertible Notes Indenture, such as certain change of control, the holders of 2019 Cash Convertible Senior Notes may require us to repurchase for cash all or part of their 2019 Cash Convertible Senior Notes at a price equal to 100% of the principal amount thereof plus accrued and unpaid interest.

Prior to September 1, 2019, holders may convert their 2019 Cash Convertible Senior Notes only upon satisfaction of certain conditions specified in the Convertible Notes Indentures. On or after September 1, 2019 until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may, at their option, convert their 2019 Cash Convertible Senior Notes solely into cash at any time.

Upon conversion, in lieu of receiving any shares of our common stock, a holder will receive, per \$1,000 principal amount of 2019 Cash Convertible Senior Notes being converted, an amount in cash equal to the settlement amount, determined as described in the Convertible Notes Indenture. The conversion rate will initially be 9.7236 shares of our common stock per \$1,000 principal amount (equivalent to an initial conversion price of approximately \$102.84 per share). The conversion rate for the 2019 Cash Convertible Senior Notes is subject to customary anti-dilution adjustments and will also be adjusted for any fundamental change or tax redemption, each as described in the Convertible Notes Indenture.

Concurrently with the issuance of the 2019 Cash Convertible Senior Notes, we entered into cash convertible note hedge and warrant transactions. For further information on the cash convertible note hedge and warrant transactions, please see “—Financial Instruments.”

Cash Convertible Note Hedge Transactions and Warrant Transactions

On November 24, 2014 and November 25, 2014, in connection with our issuances of the 2019 Cash Convertible Senior Notes, we entered into cash convertible note hedge transactions with affiliates of the initial purchasers of the 2019 Cash Convertible Senior Notes (in such capacity, the “Option Counterparties”) to offset any cash payment we are required to make in excess of the principal amount of the 2019 Cash Convertible Senior Notes.

In these transactions, we paid approximately \$208 million for call options relating to, subject to customary anti-dilution adjustments, approximately 11.18 million shares of NXP’s common stock (which is equal to the number of shares that initially underlie the 2019 Cash Convertible Senior Notes), with a strike price of approximately \$102.84 per share. The Option Counterparties or their respective affiliates may enter into, or unwind, various over-the-counter derivatives and/or purchase or sell our common stock in open market and/or privately negotiated transactions prior to maturity of the 2019 Cash Convertible Senior Notes, including during any observation period for the settlement of conversions of the 2019 Cash Convertible Senior Notes, or upon any repurchase of the 2019 Cash Convertible Senior Notes by us, which could adversely impact the price of our common stock and of the 2019 Cash Convertible Senior Notes.

Separately, we sold warrants to the Option Counterparties for \$134 million giving them the right to purchase from us, subject to customary anti-dilution adjustments, approximately 11.18 million shares of NXP’s common stock, with a strike price of \$133.32 per share. The warrants will have a dilutive effect with respect to our common stock to the extent that the market price per share of our common stock exceeds the strike price of the warrants on or prior to the expiration date of the warrants.

C. Research and Development, Patents and Licenses, etc.

Research and Development

We believe that our future success depends on our ability to both improve our existing products and to develop new products for both existing and new markets. We direct our research and development efforts largely to the development of new High Performance Mixed Signal semiconductor solutions where we see significant opportunities for growth. We target applications that require stringent overall system and subsystem performance. As new and challenging applications proliferate, we believe that many of these applications will benefit from our solutions. We have assembled a global team of highly skilled semiconductor and embedded software design engineers with expertise in RF, analog, power management, interface, security and digital processing. As of December 31, 2015, we had approximately 8,831 employees in research and development, of which approximately 8,481 support our High Performance Mixed Signal businesses and approximately 350 support our Standard Products businesses. Our research and development expenses were \$890 million in 2015 (of which 90% related to our High Performance Mixed Signal businesses) and \$763 million in 2014.

To outpace market growth we invest in research and development to extend or create leading market positions, with an emphasis on fast growing sizable market segments, such as identification and smart mobile, and emerging markets, such as the Internet of Things and automotive solid state lighting. Finally, we invest a few percent of our total research and development expenditures in research activities that develop fundamental new technologies or product categories that could contribute significantly to our company growth in the future.

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We annually perform a fundamental review of our business portfolio and our related new product and technology development opportunities in order to decide on changes in the allocation of our research and development resources. For products targeting established markets, we evaluate our research and development expenditures based on clear business need and risk assessments. For break-through technologies and new market opportunities, we look at the strategic fit and synergies with the rest of our portfolio and the size of the potential addressable market. Overall, we allocate our research and development to maintain a healthy mix of emerging growth and mature businesses.

Intellectual Property

The creation and use of intellectual property is a key aspect of our strategy to differentiate ourselves in the marketplace. We seek to protect our proprietary technologies by obtaining patents, trademarks, domain names, retaining trade secrets and defending, enforcing and utilizing our intellectual property rights, where appropriate. We believe this strategy allows us to preserve the advantages of our products and technologies, and helps us to improve the return on our investment in research and development. We have a broad portfolio of approximately 9,000 patent families (each patent family including all patents and patent applications originating from the same invention). To protect certain confidential technical information and software, we rely on copyright and trade secret law and enter into confidentiality agreements as applicable. In situations where we believe that a third party has infringed on our intellectual property, we enforce our rights through all available legal means to the extent that we determine the benefits of such actions to outweigh any costs and risks involved.

We engage in licensing and selling of certain patents and technology to third parties and other activities aimed at generating income and deriving other benefits from our intellectual property assets. Revenue associated with intellectual property sales and licensing depends in part on the continued strength of our intellectual property portfolio, enforcement efforts and market forces and can fluctuate from quarter to quarter. We own a number of trademarks that are used in the conduct of our business. Where we consider it desirable, we develop names for our new products and secure trademark protection. Our trademarks allow us to further distinguish our company and our products and are important in our relationships with customers, suppliers, partners and end-users.

While our patents and trade secrets constitute valuable assets, we do not view any one of them as being material to our operations as a whole. Instead, we believe it is the combination of our patents and other intellectual property rights that creates an advantage for our business.

In addition to obtaining our own patents and other intellectual property rights, we have entered into licensing, broad-scope cross licensing and other agreements authorizing us to use patents, trade secrets, confidential technical information, software and related technology owned by third parties and/or operate within the scope of patents and other intellectual property owned by third parties.

D. Trend Information

Within the overall umbrella of Secure Connections for a Smarter World, NXP addresses four key macro growth trends: Intelligent Devices, Mobility, Hyper-connectivity and Security that drive applications such as the Connected Car, Portable & Wearable and the Internet of Things, with Security being a requirement across all applications. Our innovative solutions are used in a wide range of applications. Many electronic payment and government ID services are enabled by our secure identification solutions and with the transition of those services to new form factors in secure connected devices, there is strong market demand for embedded security solutions such as mobile payment, cyber-security and authentication. Fast innovation in smart phones & tablets drives demand for our secure interface and power solutions while always-on requirements in secure connected devices further drive demand for our advanced mobile audio, sensing and connectivity solutions, with advanced magnetic induction radios for implantable medical devices such as hearing aids as an example. Cities, buildings and industrial production systems all want to become smart, connected and secure; they provide fertile new markets for our broad range of microcontrollers smart grid, intelligent logistics and industrial security solutions. Next generation networks which deliver the increasing demand for data are enabled by our new high-performance RF power amplifier products allow wireless network operators to expand network capacity with fewer base stations and Digital Networks. Our new high-performance RF power amplifier products allow wireless network operators to expand network capacity with fewer base stations. The automotive industry brings fast trends in advanced driver assistance, seamless consumer electronics experience and energy efficiency, and we respond to those by delivering solutions for secure car access, car entertainment and in-vehicle networking. In addition, we leverage our core competencies to innovate in the transition to highly and eventually fully automated cars with ground breaking solutions in secure vehicle-to-infrastructure & vehicle-to-vehicle and radar.

We believe that we are strategically positioned to capture rapid growth in emerging markets through our strong position in Asia Pacific (excluding Japan), which represented 69% of our revenue in 2015, compared to 68% of our revenue in 2014. In particular, Greater China represented 53% of our revenue in 2015, compared to 51% of our revenue in 2014.

E. Off-balance Sheet Arrangements

As of December 31, 2015, we had no off-balance sheet arrangements.

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F. Tabular Disclosure of Contractual Obligations

Presented below is a summary of our contractual obligations as of December 31, 2015

(\$ in millions)	Total	2016	2017	2018	2019	2020	2021 and thereafter
Long-term debt	8,193	535 ⁽¹⁾	419 ⁽²⁾	781 ⁽³⁾	30	3,568 ⁽⁴⁾	2,860 ⁽⁵⁾
2019 Cash Convertible Senior Notes ⁽⁶⁾	1,150	—	—	—	1,150	—	—
Capital lease obligations	32	17	15	—	—	—	—
Short-term debt	6	6	—	—	—	—	—
Operating leases	172	50	37	24	18	13	30
Interest on the notes ⁽⁷⁾	1,758	362	338	319	305	270	164
Long-term purchase contracts	809	514	183	40	24	6	42
Total contractual cash obligations ⁽⁷⁾⁽⁸⁾⁽⁹⁾	12,120	1,484	992	1,164	1,527	3,857	3,096

- (1) On September 24, 2013, we issued \$500 million aggregate principal amount of 3.5% Senior Unsecured Notes due 2016.
- (2) On February 18, 2014, we entered into a new 2017 Term Loan with an aggregate principal amount of \$400 million at a rate of interest of LIBOR plus 2% with a floor of 0.75%.
- (3) On May 20, 2013, we issued \$750 million aggregate principal amount of 3.75% Senior Unsecured Notes due 2018.
- (4) On November 27, 2013, we entered into the 2020 Term Loan for an aggregate principal amount of \$400 million at a rate of interest of LIBOR plus 2.5% with a floor of 0.75%. On June 2, 2015, we issued \$600 million aggregate principal amount of 4.125% Senior Unsecured Notes due 2020. On December 7, 2015, we entered into a new Term Loan B for an aggregate principal amount of \$2,700 million at a rate of interest of LIBOR plus 3% with a floor of 0.75%.
- (5) On February 14, 2013, we issued \$500 million aggregate principal amount of 5.75% Senior Unsecured Notes due 2021. On March 15, 2013, we issued \$500 million aggregate principal amount of 5.75% Senior Unsecured Notes due 2023. On June 2, 2015, we issued \$400 million aggregate principal amount of 4.625% Senior Unsecured Notes due 2022. On December 7, 2015, NXP entered into the Amended and Restated Indenture (“A&R Indenture”) governing the 2021 Freescale Notes, Freescale’s \$500 million aggregate principal amount of 5.00% Senior Secured Notes due 2021 and into the A&R Indenture governing the 2022 Freescale Notes, Freescale’s \$960 million aggregate principal amount of 6.00% Senior Secured Notes due 2022.
- (6) On November 24, 2014, we issued \$1,150 million aggregate principal amount of 1.00% Cash Convertible Senior Notes due 2019.
- (7) The cash interest on the notes was determined on the basis of LIBOR interest rates for floating rate instruments and on the basis of contractual agreed interest rates for other debt instruments.
- (8) As of December 31, 2015, we had reserves of \$163 million recorded for uncertain tax positions, including interest and penalties. We are not including this amount in the long-term contractual obligations table presented because of the difficulty in making reasonably reliable estimates of the timing of cash settlements, if any, with the respective taxing authorities.
- (9) Certain of these obligations are denominated in currencies other than U.S. dollars, and have been translated from foreign currencies into U.S. dollars based on an aggregate average rate of \$1.1150 per €1.00, in effect at December 31, 2015. As a result, the actual payments will vary based on any change in exchange rate.

Our debt instruments had accrued interest of \$46 million as of December 31, 2015 (December 31, 2014: \$28 million).

In addition to the above obligations, we enter into a variety of agreements in the normal course of business, containing provisions that certain penalties may be charged if we do not fulfill our commitments. It is not possible to predict with certainty the maximum potential amount of future payments under these or similar provisions due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular case. Historically, payments pursuant to such provisions have not been material and we believe that any future payments required pursuant to such provisions would not have a material adverse effect on our consolidated financial condition. However, such payments may be material to our consolidated statement of operations for a specific period.

We sponsor pension plans in many countries in accordance with legal requirements, customs and the local situation in the countries involved. These are defined-benefit pension plans, defined contribution pension plans and multi-employer plans. Contributions to funded pension plans are made as necessary, to provide sufficient assets to meet future benefits payable to plan participants. These contributions are determined by various factors, including funded status, legal and tax considerations and local customs. The expected cash outflows in 2016 and subsequent years are uncertain and may change as a consequence of statutory funding requirements as well as changes in actual versus currently assumed discount rates, estimations of compensation increases and returns on pension plan assets.

G. Safe Harbor

This Annual Report includes forward-looking statements. When used in this Annual Report, the words “anticipate”, “believe”, “estimate”, “forecast”, “expect”, “intend”, “plan” and “project” and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us. Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under Part I, Item 3D. *Risk Factors* and elsewhere in this Report, the following:

- market demand and semiconductor industry conditions;
- our ability to successfully introduce new technologies and products;
- the demand for the goods into which our products are incorporated;
- our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and research and development and capital investment requirements;
- our ability to accurately estimate demand and match our production capacity accordingly;
- our ability to obtain supplies from third-party producers;
- our access to production from third-party outsourcing partners, and any events that might affect their business or our relationship with them;
- our ability to secure adequate and timely supply of equipment and materials from suppliers;
- our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly;
- our ability to form strategic partnerships and joint ventures and successfully cooperate with our alliance partners;
- our ability to win competitive bid selection processes;
- our ability to develop products for use in our customers’ equipment and products;
- our ability to successfully hire and retain key management and senior product engineers;
- our ability to maintain good relationships with our suppliers;
- our ability to achieve the synergies and value creation contemplated by the merger with Freescale;
- our ability to effectively integrate our business with Freescale; and
- the diversion of management time on transaction-related issues

We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described herein or to publicly announce the result of any revisions to the forward-looking statements made in this Report, except as required by law.

In addition, this Report contains information concerning the semiconductor industry and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the semiconductor industry, our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this Report. Although we believe that this information is reliable, we have not independently verified and cannot guarantee its accuracy or completeness. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of our common stock.

Item 6. Directors, Senior Management and Employees

A. Directors and Senior Management

The following description sets forth certain information about management and management-related matters. We have a one-tier board structure.

Board of Directors

Set forth below are the names, ages and positions as of December 31, 2015, of the persons who serve as members of our board of directors.

Name	Age	Position
Richard L. Clemmer	64	Executive director, president and chief executive officer
Sir Peter Bonfield	71	Non-executive director and chairman of the board
Johannes P. Huth	55	Non-executive director and vice-chairman of the board
Kenneth A. Goldman	66	Non-executive director
Dr. Marion Helmes	50	Non-executive director
Josef Kaeser	58	Non-executive director
Ian Loring	49	Non-executive director
Eric Meurice	59	Non-executive director
Peter Smitham	73	Non-executive director
Julie Southern	56	Non-executive director
Gregory Summe	59	Non-executive director
Rick Tsai	64	Non-executive director

- **Richard L. Clemmer (1951, American).** Mr. Clemmer became executive director, president and chief executive officer on January 1, 2009. Prior to that, from December 2007, Mr. Clemmer was a member of the supervisory board of NXP B.V. and a senior advisor of Kohlberg Kravis Roberts & Co. Prior to joining NXP, he was the President and CEO of Agere Systems, served as Chairman of u-Nav Microelectronics Corporation, and was executive vice president and chief financial officer at Quantum Corporation. Prior to that, Mr. Clemmer worked for Texas Instruments Incorporated as senior vice president and semiconductor group chief financial officer. Mr. Clemmer also serves on the board of NCR Corporation.
- **Sir Peter Bonfield CBE FREng (1944, British).** Sir Peter has been appointed as a non-executive director and as the chairman of our board of directors in August 2010. Prior to that, Sir Peter was the chairman of the supervisory board of NXP B.V. from September 29, 2006. Sir Peter served as chief executive officer and chairman of the executive committee for British Telecom plc from 1996 to 2002 and prior to that was chairman and chief executive officer of ICL plc (now Fujitsu Services Holdings Ltd.). Sir Peter also worked in the semiconductor industry during his tenure as a divisional director at Texas Instruments Incorporated, for whom he held a variety of senior management positions around the world. Sir Peter currently holds non-executive directorships at Taiwan Semiconductor Manufacturing Company Limited, Mentor Graphics Corporation and serves as Chairman of Global Logic Inc. Sir Peter is Chair of Council and Senior Pro-Chancellor at Loughborough University, Senior Advisor to N M Rothschild in London and Board Mentor at CMi in Belgium. He is also Advisor to Longreach LLP in Hong Kong, Alix Partners UK LLP in London and G3 Good Governance Ltd in London.
- **Johannes P. Huth (1960, German).** Mr. Huth has been appointed as a non-executive director and vice-chairman of our board of directors in August 2010. Prior to that, Mr. Huth was a member and chairman of our supervisory board and a member and vice-chairman of NXP B.V.'s supervisory board from September 29, 2006. Mr. Huth joined Kohlberg Kravis Roberts & Co. LLP in May 1999 and is a Member of KKR and Head of KKR's operations in Europe, the Middle East and Africa. He is also a member of the Firm's Management Committee and several of the Firm's Investment Committees. Prior to joining KKR, he was a member of the Management Committee of Investcorp and jointly responsible for Investcorp's operations in Europe. From 1986 to 1991, he worked at Salomon Brothers, where he was a Vice President in the Mergers and Acquisitions departments in London and New York. Mr. Huth currently is also Chairman of the Supervisory Board of WMF, member of the Supervisory Board of GEG German Estate Group AG, member of the Board of SoftwareOne AG and member of the Board of Cognita Ltd. He is the Chairman of the Trustees of Impetus – Private Equity Foundation, a charitable organization set up by the Private Equity industry focused on providing support to charities involved with young people not in education, employment or training. He is Vice-Chair of the Board of Trustees of the Design Museum, trustee of the Stadel Museum in Frankfurt and trustee of The Education Endowment Foundation. He is a Visiting Fellow of Oxford University and a Fellow of the Royal Society of Arts. He earned a BSc with Highest Honors from the London School of Economics and an MBA from the University of Chicago. Mr. Huth is also a member of the Global Advisory Board of the Booth School of Business at the University of Chicago.
- **Kenneth A. Goldman (1949, American).** Mr. Goldman has been appointed as a non-executive director of our board of directors effective August 6, 2010. Mr. Goldman is chief financial officer of Yahoo!, Inc responsible for Yahoo!'s global finance functions including financial planning and analysis, controllership, tax, treasury and investor relations since October 2012. Prior to that, Mr. Goldman served as senior vice president, finance and administration, and chief financial officer of Fortinet, Inc, a provider of unified threat management solutions, from September 2007 to September 2012. From November 2006 to August 2007, Mr. Goldman served as executive vice president and chief financial officer of Dexterra, Inc. From August 2000 until March 2006, Mr. Goldman served as senior vice president, finance and administration, and chief financial officer of Siebel Systems, Inc., and from December 1999 to December 2003, Mr. Goldman served on the Financial Accounting Standards Board's primary advisory group. Mr. Goldman also serves on the board of directors of Yahoo! Japan, Trinet, GoPro, Inc. and several private companies. Next to that, Mr. Goldman was in 2015 appointed to a three year term on the Standards Advisory Group which advises the PCAOB. Mr. Goldman was a member of board of trustees of Cornell University from 2005 to 2013 and was designated as Emeritus Trustee. He was formerly a member of the Treasury Advisory Committee on the Auditing Profession, a public committee that made recommendations in September 2008 to encourage a more sustainable auditing profession. Mr. Goldman holds a B.S. in Electrical Engineering from Cornell University and an M.B.A. from the Harvard Business School.

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- **Dr. Marion Helmes (1965, German).** Dr. Helmes has been appointed a non-executive director of our board of directors in October 2013. Dr. Helmes was the Speaker of the Management Board of Celesio AG until July 2014; in addition she was CFO of Celesio from January 2012 until July 2014. Prior to joining Celesio, she was member of the board of management and CFO of Q-Cells SE and from 1997 until 2010 she held various management roles at ThyssenKrupp, including CFO of ThyssenKrupp Stainless and CFO of ThyssenKrupp Elevator. Dr. Helmes is currently also non-executive director, Vice-Chairman, member of the Presiding Committee, member of the Compensation Committee and member of the Audit and Finance Committee of ProSiebenSat1 Media SE and member of the Central Advisory Board of Commerzbank AG.
- **Josef Kaeser (1957, German).** Mr. Kaeser has been appointed as a non-executive director of our board of directors effective September 1, 2010. Mr. Kaeser is the president and chief executive officer of Siemens AG since August 2013. Prior to this, from May 2006 to August 2013, he was executive vice president and chief financial officer of Siemens AG. From 2004 to 2006, Mr. Kaeser served as chief strategy officer for Siemens AG and as the chief financial officer for the mobile communications group from 2001 to 2004. Mr. Kaeser has additionally held various other positions within the Siemens group since he joined Siemens in 1980. Mr. Kaeser also serves on the managing board of Siemens AG and the board of directors of Siemens Ltd., India, Daimler AG and Allianz Deutschland AG.
- **Ian Loring (1966, American).** Mr. Loring has been appointed a non-executive director of our board of directors in August 2010. Mr. Loring became a member of our supervisory board and the supervisory board of NXP B.V. on September 29, 2006 and is a managing director of Bain Capital Partners, LLC. Prior to joining Bain Capital Partners in 1996, Mr. Loring worked at Berkshire Partners and has previously also worked at Drexel Burnham Lambert. He serves as a director of The Weather Company, iHeart Media (formerly Clear Channel Communication Inc.), BMC Software, Inc., Viewpoint, Inc. and Blue Coat Systems, Inc.
- **Eric Meurice (1956, French).** Mr. Meurice has been appointed as a non-executive director of the board of directors effective April 1, 2014. Mr. Meurice was the CEO and Chairman of the management board of ASML Holding NV (The Netherlands), a leading provider of manufacturing equipment and technology to the semiconductor industry from 2004 to 2013. Under his watch, ASML became the largest Lithography vendor in the world, leading to a significant equity investment and funding commitment by its customers. Before joining ASML, he was Executive Vice President of Thomson Television, where he completed the merger of his division with TCL Corporation, one of the largest Chinese consumer electronics company. Before 2001, he served as head of Dell Computers' Western, Eastern Europe and EMEA emerging market businesses. He gained extensive technology experience in the semiconductor industry between 1984 and 1994, first at Intel, in the micro-controller group, and then at ITT Semiconductors, a provider then of digital video and audio DSP integrated circuits. Mr. Meurice is an independent director of IPG Photonics, a US based Laser supplier, since June 2014 and of UMICORE, a Belgium based materials specialist, since April 2015. He served on the board of Verigy LTD (former HP test division), until its acquisition by Advantest in 2011. From July 1, 2013 to April 1, 2014 he was non-executive director of ARM Holdings plc (UK, semiconductor intellectual property supplier).
- **Peter Smitham (1942, British).** Mr. Smitham has been appointed as a non-executive director of our board of directors effective December 7, 2015, Mr. Smitham retired from his position as a partner of the private equity firm Permira on December 31, 2009, but until August 1, 2015, he was a member of Permira Advisers LLP, which he joined in 1985, the year the London office was founded. Mr. Smitham was the managing partner of the London office from 1994 until 1998 and led Permira's European business from 1996 until 2000. He has worked on numerous transactions focusing on technology, including Memec Group Holdings Limited, The Roxboro Group, Solartron Group and Technology plc. Until its merger with NXP, Mr. Smitham was a director of Freescale; he joined the Freescale board in June 2007 and has been a member of the Compensation and Leadership Committee and the Nominating and Corporate Governance Committee of the Freescale board. He has a degree in Geography from Swansea University, Wales, and attended the Senior Executive Program at Stanford Business School.
- **Ms. Julie Southern (1959, British).** Ms. Southern has been appointed a non-executive director of our board of directors in October 2013. She was with Virgin Atlantic Limited (UK) from 2000 to May 2013. From 2010 to 2013 Ms. Southern was chief commercial officer and from 2000 to 2010 she was chief financial officer of Virgin Atlantic. Prior to joining Virgin Atlantic, she was group finance director at Porsche Cars Great Britain and finance and operations director at W H Smith – H J Chapman & Co Ltd. Prior to that, she was chartered accountant at Price Waterhouse Coopers. Ms. Southern currently holds non-executive directorships at Rentokil-Initial Plc, Cineworld PLC and DFS PLC and is Chair of the respective Audit Committees. At the same time, Ms. Southern is a non-executive director and Chair of the Nomination and Compensation Committee for Gategroup SW.
- **Gregory L. Summe (1956 American).** Mr. Summe has been appointed as a non-executive director of our board of directors effective December 7, 2015, Mr. Summe is the Managing Partner of Glen Capital Partners, an investment fund, which he founded in 2013. Mr. Summe was the managing director and vice chairman of Global Buyout at The Carlyle Group, a leading global private equity firm, from September 2009 to May 2014. Prior to joining Carlyle, he was the chairman and chief executive officer of PerkinElmer, Inc., a designer, manufacturer and deliverer of advanced technology solutions addressing health and safety concerns, a company he led from 1998 to September 2009. He also served as a senior advisor to Goldman Sachs Capital Partners, from 2008 to 2009 and also was a director of Freescale from September 2010 until its merger with NXP in December 2015; Mr. Summe served as Chairman of the Freescale board since May 2014 and was also Chairman of the Compensation and Leadership Committee of the Freescale board. Prior to joining PerkinElmer, Mr. Summe was with AlliedSignal, now Honeywell International, an inventor and manufacturer of technologies addressing global macro trend challenges such as safety, security, and energy, serving as the president of General Aviation Avionics, president of the Aerospace Engines Group and president of the Automotive Products Group. Before joining AlliedSignal, he was the general manager of Commercial Motors at General Electric and was a partner with the consulting

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firm of McKinsey & Company, Inc. Mr. Summe holds B.S. and M.S. degrees in electrical engineering from the University of Kentucky and the University of Cincinnati, and an M.B.A. with distinction from the Wharton School at the University of Pennsylvania. He is in the Engineering Hall of Distinction at the University of Kentucky. Mr. Summe also serves on the boards of directors of LMI Aerospace, Inc. and the State Street Corporation. Mr. Summe previously served on the board of directors of Automatic Data Processing, Inc., Biomet Inc., Veyance Technologies, Inc., Export Trading Group Ltd, Euromax Holdings Inc. and TRW Corp.

- **Dr. Rick Tsai (1951, Taiwan/Republic of China).** Dr. Tsai has been appointed as a non-executive director of our board of directors effective July 1, 2014. Dr. Tsai is Chairman and Chief Executive Officer of Chunghwa Telecom Co., Ltd., integrated telecom service provider in Taiwan as of January 28, 2014. Prior to joining Chunghwa Telecom, Dr. Tsai served as the Chairman and Chief Executive Officer of TSMC Solar and TSMC: Solid State Lighting from 2011 to 2014. From 2001 to 2011, he held the following successive positions in TSMC: President and Chief Operation Officer, President and Chief Executive Officer and President of New Business. Prior to joining TSMC, Dr. Tsai was based in the United States and worked for Hewlett-Packard for several years. He holds a Ph.D. in material science from Cornell University.

Management Team

Set forth below are the names, ages as of December 31, 2015, and positions of the executive officers who together with our chief executive officer, Mr. Clemmer, constitute our management team.

Name	Age	Position
Richard L. Clemmer	64	Executive director, president and chief executive officer
Daniel Durn	49	Executive vice president and chief financial officer
Tareq Bustami	46	Senior Vice President and general manager Digital Networking business
Guido Dierick	56	Executive vice president and general counsel
Paul Hart	39	Senior Vice President and general manager Radio Frequency business
Peter Kelly	58	Executive vice president strategy, M&A and integration
Steve Owen	55	Executive vice president sales & marketing
David Reed	57	Executive vice president and general manager operations
Frans Scheper	53	Executive vice president and general manager Standard Products
Keith Shull	64	Executive vice president and chief human resources officer
Kurt Sievers	46	Executive vice president and general manager HPMS Automotive
Ruediger Stroh	53	Executive vice president and general manager HPMS Identification

- **Daniel Durn (1966, American).** Mr. Durn is executive vice president and chief financial officer of NXP and member of the management team. He joined NXP in 2015, having served as CFO of Freescale up until the Merger. Prior to Freescale, he was CFO and executive vice president of finance and administration at Globalfoundries, the industry's second largest semiconductor foundry, head of M&A and strategy at Advanced Technology Investment Company (ATIC) and also served as vice president in technology investment banking at Goldman, Sachs & Company and was a member of their merger leadership group.
- **Tareq Bustami (1969, American).** Mr. Bustami is senior vice president and general manager of the Digital Networking business at NXP. He joined NXP in 2015, having served as general manager at Freescale up until the merger with NXP. He has more than 20 years of semiconductor experience focused on the networking industry. He rejoined Freescale in 2012 to lead product strategy, product definition and marketing operations for Digital Networking. Previously, he ran product marketing for LSI's networking multicore family of processors. He began his career at Freescale where he led product marketing for the company's PowerQUICC III family.
- **Guido Dierick (1959, Dutch).** Mr. Dierick is executive vice president, general counsel, secretary of our board of directors and member of the management team. Since 2000 he has been responsible for legal and intellectual property matters at NXP. He previously was employed by Philips from 1982 and worked in various legal positions.
- **Paul Hart (1976, American).** Mr. Hart is senior vice president and general manager of the Radio Frequency business. He joined NXP in 2015, having served as general manager at Freescale up until the merger with NXP. He has 15 years of experience in the high power RF field, focusing on technology development and customer enablement. He joined Motorola Semiconductor as an RF engineer in 2001 and transferring to Freescale in 2006.
- **Peter Kelly (1957, American).** Mr. Kelly is executive vice president and a member of the management team, focusing on Strategy, M&A, and the integration with Freescale. He joined NXP in March, 2011. Mr. Kelly has over 30 years of applicable experience in the global technology industry and has extensive financial expertise having worked in financial management positions in several other companies, including as CFO of UGI Corp. and Agere Systems Inc. Mr. Kelly also serves on the board of Plexus, Corp.

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- **Steve Owen (1960, British).** Mr. Owen is executive vice president, global sales & marketing and member of the management team. He has extensive experience in developing business internationally and served in various marketing and sales leadership positions at NXP and Philips since 1998.
- **David Reed (1958, American).** Mr. Reed is executive vice president of Technology and Operations at NXP. He joined NXP in 2015, having served as general manager at Freescale until the merger with NXP. He has 30 years of extensive international experience with global execution of fabs, assembly/test, packaging, R&D, foundries and joint ventures for Analog, Automotive, Logic and Wireless customers. He joined Freescale Semiconductor in 2012 as Senior Vice President, Manufacturing Operations. Previously he was vice president and general manager at GLOBALFOUNDRIES. He began his career at Texas Instruments in 1984 where he held multiple overseas and leadership assignments.
- **Frans Scheper (1962, Dutch).** Mr. Scheper has been executive vice president and general manager for the Standard Products business since November, 2009, and has been a member of the management team since January, 2010. He has previously served as general manager of the general applications (discretes) business line within the multimarket business and served in various positions at Philips since 2000.
- **Keith Shull (1951, American).** Mr. Shull is executive vice president and chief human resources officer for NXP. He joined NXP in 2015 and has over 35 years of experience, having led global HR organizations in a range of industries worldwide, including Arrow Electronics, Visteon and Walter Energy.
- **Kurt Sievers (1969, German).** Mr. Sievers is executive vice president, member of the management team and general manager of the Automotive business for NXP. He has previously managed our High Performance Mixed Signal businesses focused on the automotive application markets and the automotive safety and comfort business line and served in various positions at Philips since 1995.
- **Ruediger Stroh (1962, German).** Mr. Stroh is executive vice president, member of the management team and general manager of the Security & Connectivity business for NXP. Before joining NXP in May, 2009, he led LSI Corporation's Storage Peripherals business, overseeing silicon solutions for hard disk and solid state drives addressing consumer and enterprise markets. Previously, he headed Agere System Inc's storage division and served as chief executive officer for a number of start-up companies. Mr. Stroh began his career at Siemens AG where he held multiple management positions before joining Infineon Technologies AG.

B. Compensation

In accordance with Dutch law, our stockholders have adopted a compensation policy for the board of directors. The remuneration of our executive directors is resolved upon by our board of directors, with due observance of our compensation policy. Our chief executive officer is our only executive director. The respective executive director does not participate in the discussions of our board of directors on his compensation, nor does the chief executive officer vote on such a matter. To the extent the stockholders at a future stockholder meeting do not adopt the proposal of the board, the board must prepare a new proposal. After adoption of a proposal, only subsequent amendments will require stockholder approval. Furthermore, any proposed share or option-based director compensation (including any performance conditions relating to such compensation) must be submitted by our board to the general meeting of stockholders for its approval, detailing the number of shares or options over shares that may be awarded to the directors and the criteria that apply to such award or any modification of such rights.

Compensation Policy and Objectives

The objective in establishing the compensation policies for our chief executive officer, the other members of our management team and our other executives, will be to provide a compensation package that is aligned with our strategic goals and that enables us to attract, motivate and retain highly qualified professionals who will provide leadership for NXP's success in dynamic and competitive markets. NXP seeks to accomplish this goal in a way that rewards performance and is aligned with its shareholders' long-term interests. We believe that the best way to achieve this is by linking executive compensation to individual performance targets, on the one hand, and to NXP's performance, on the other hand. Our executive compensation package will therefore include a significant variable part, consisting of an annual cash incentive, shares and stock options. Executive performance targets will be determined annually, at the beginning of the year, and assessed at the end of the year by, respectively, our nominating and compensation committee, our executive officers or the other members of our management team. The compensation package for our chief executive officer, the other members of our management team and our NXP executives is benchmarked on a regular basis against other companies in the high-tech and semiconductors industry.

Base Salary

We currently pay our chief executive officer an annual base salary of €1,142,000, the chairman of our board of directors an annual fixed fee of €275,000 and the other members of our board of directors an annual fixed fee of \$85,000 gross. Members of our Audit Committee and the Nominating & Compensation Committee receive an additional annual fixed fee of \$6,000 gross and the chairmen of both committees receive an additional annual fixed fee of \$10,000 and \$8,000 gross, respectively. For the year ended December 31, 2015, the current and former members of our management team as a group (in total 19 members) received a total aggregate compensation of €9,192,379, compared to a total aggregate compensation of €8,233,052 (in total 14 members) in 2014.

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Our chief executive officer has a contract of employment until December 31, 2017, and the other members of our management team and most of our executives have a contract of employment for an indefinite term. The main elements of any new employment contract that we will enter into with a member of the board of directors will be made public no later than the date of the public notice convening the general meeting of stockholders at which the appointment of such member of the board of directors will be proposed. Non-executive directors of our board do not have a contract of employment.

Annual Incentive

Each year, our chief executive officer, the other members of our management team and our other executives can qualify to earn a variable cash incentive, subject to whether certain specific and challenging performance targets have been met. For our chief executive officer, the on-target cash incentive percentage is set at 75% of the base salary, with the maximum cash incentive set at 150% of the annual base salary. The cash incentive pay-out in any year relates to the achievements of the preceding financial year in relation to agreed targets. In 2015, an amount of €1,324,720 has been paid to our chief executive officer as annual incentive bonus for our performance in 2014. The total annual incentive bonus amount paid in 2015 to members of our management team, including our chief executive officer, is €5,518,340. In 2014, an amount of €5,047,102 has been paid to members of our management team, including our chief executive officer.

Share Based Compensation Plans

The purpose of our share based compensation plans, is to align the interests of directors and management with those of our stockholders by providing additional incentives to improve our medium and long term performance, by offering the participants an opportunity to share in the success of NXP.

In the period from 2007 until our initial public offering in August 2010, we granted stock options to the members of our management team and to approximately 135 of our other executives under the Management Equity Stock Option Plan (“MEP”). Under the MEP, the participants acquired the right to purchase a certain number of shares of common stock at a predetermined exercise price, provided that certain conditions are met. The stock options (“MEP Options”) have a vesting schedule as specified upon the grant to the individuals. Pursuant to our MEP, members of our management team and certain other executives will be allowed to exercise, from time to time, their vested MEP Options. The MEP Options became fully exercisable upon the Private Equity Consortium ceasing to hold 30% of our shares of common stock which was the case following the consummation of the secondary offering of shares on September 18, 2013. Current employees owning MEP Options may exercise such MEP Options during the period of five years as of September 18, 2013, subject to these employees remaining employed by us and subject to the applicable laws and regulations. As of December 31, 2015, a total of 2,748,942 MEP Options were granted and outstanding to a group of 16 (current) NXP executives (which includes our chief executive officer and other members of the management team). These MEP Options can be exercised at exercise prices which vary from €2.00 to €40.00 per stock option.

In November 2010 and 2011, and in October 2012, 2013, 2014 and 2015 we introduced Long Term Incentive Plans 2010, 2011, 2012, 2013, 2014 and 2015 respectively, under which performance stock, restricted stock and stock options may be granted to the members of our board of directors, management team, our other executives, selected other key employees/talents of NXP and selected new hires. Under these Long Term Incentive Plans, equity incentives may be granted on, or the day after, the dates NXP publishes its quarterly financials, beginning on November 2, 2010, November 1, 2011, October 25, 2012, October 24, 2013 and October 23, 2014 and October 29, 2015, respectively. In view of the merger with Freescale, a specific grant under the October 2015 plan was made to Freescale employees who joined NXP on December 7, 2015. Performance stock and restricted stock vest over a period of one to four years, subject to relevant performance criteria relating to operating income being met, and stock options vest over four years. Beginning with the 2014 LTIP plans, performance stock units granted to the members of our management team, including the CEO, vest over a period of four years.

The size of the annual equity pool available for Long Term Incentive Plan 2010 awards from November 2, 2010 up to the fourth quarter of 2011 was for an aggregate of up to 7,200,000 common shares in our share capital. On December 31, 2015, grants to 107 participants were outstanding, in total representing some 586,874 shares of common stock, consisting of 586,874 stock options.

The size of the annual equity pool available for Long Term Incentive Plan 2011 awards from November 1, 2011 up to the fourth quarter of 2012 was for an aggregate of up to 8.6 million (including 1.4 million which remained from the 2010 LTIP pool) common shares in our share capital. On December 31, 2015, grants to 484 participants were outstanding, in total representing 1,651,993 shares of common stock, consisting of 240,900 performance stock units and 1,411,093 stock options.

The size of the annual equity pool available for Long Term Incentive Plan 2012 awards from October 25, 2012 up to the fourth quarter of 2013 was for an aggregate of up to 9.3 million (including 2.1 million which remained from the 2011 LTIP pool) common shares in our share capital. On December 31, 2015, grants to 638 participants were outstanding, in total representing 3,547,204 shares of common stock, consisting of 1,530,000 performance stock units, 32,029 restricted stock units and 1,985,175 stock options.

The size of the annual equity pool available for Long Term Incentive Plan 2013 awards from October 24, 2013 up to the fourth quarter of 2014 is for an aggregate of up to 6.7 million (including 0.4 million which remained from the 2012 LTIP pool) common shares in our share capital. On December 31, 2015, grants to 1,357 participants were outstanding, in total representing 2,225,101 shares of common stock, consisting of 399,201 performance stock units, 658,245 restricted stock units and 1,167,655 stock options.

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The size of the annual equity pool available for Long Term Incentive Plan 2014 awards from October 23, 2014 up to the fourth quarter of 2015 is for an aggregate of up to 7.5 million (including 2.2 million which remained from the 2013 LTIP pool) common share in our share capital. On December 31, 2015 grants to 2,293 participants were outstanding, in total representing 2,185,675 shares of common stock, consisting of 284,661 performance stock units, 1,083,277 restricted stock units and 817,737 stock options.

The size of the annual equity pool available for Long Term Incentive Plan 2015 awards from October 29, 2015 up to the fourth quarter of 2016 is for an aggregate of up to 5.2 million (including 4.2 million which remained from the 2014 LTIP pool) common share in our share capital. On December 31, 2015 grants to 6,652 participants were outstanding, in total representing 3,556,874 shares of common stock, consisting of 225,831 performance stock units, 2,127,932 restricted stock units and 1,203,111 stock options.

In view of the Merger, NXP exchanged on December 7, 2015 the outstanding Freescale equity into 4,924,043 restricted stock units and 2,871,861 stock options. On December 31, 2015 grants to 4,565 participants were outstanding, in total representing 7,199,383 shares of common stock, consisting of 4,336,648 restricted stock units and 2,862,735 stock options.

As of December 31, 2015, under the above equity plans, a total amount of 12,783,592 stock options, 2,680,046 performance stock units, and 8,237,861 restricted stock units were outstanding, in total representing 23,702,046 shares of common stock.

Shares to be delivered under any equity program may be newly issued, for up to 10% of our share capital, or they may come out of treasury stock or be purchased from time to time upon the decision of our board of directors.

As of December 31, 2015, the following stock options, restricted stock, performance stock and shares of common stock were outstanding with members of our board of directors:

Richard L. Clemmer, CEO and president

As of December 31, 2015, our chief executive officer held 522,248 shares and had been granted the following (vested and unvested) stock options and (unvested) performance stock units, which were outstanding:

Series	Number of Stock Options	Exercise Price (in \$)	Number of Stock Options per vesting schedule			
			10/29/16	10/29/17	10/29/18	10/29/19
2015/October	165,877	73.00	41,469	41,469	41,469	41,470

Series	Number of Stock Options	Number of Stock Options	Stock Options Vested	Number of Stock Options per vesting schedule		
				10/23/16	10/23/17	10/23/18
2014/October	161,675	64.18	40,418	40,419	40,419	40,419

Series	Number of Stock Options	Exercise Price (in \$)	Stock Options Vested	Number of Stock Options per vesting schedule	
				10/24/16	10/24/17
2013/October	344,635	39.58	172,317	86,159	86,159

Series	Number of Stock Options	Exercise Price (in \$)	Stock options Vested	Stock Options per vesting schedule
				10/25/16
2012/October	410,000	23.49	307,500	102,500

Series	Number of Stock Options (all vested)	Exercise Price (in \$)
2011/November	410,000	16.84

Series	Number of Stock Options (all vested)	Exercise Price (in \$)
2010/November	360,252	13.27

Series	Number of Stock Options (all vested)	Exercise Price (in €)
2009/1	51,400	2.00
2009/2	1,400,000	15.00
2009/3	234,000	30.00
2009/4	374,252	40.00
Total	2,059,652	

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Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule		
		10/23/16	10/23/17	10/23/18
		2015/October	52,587	Maximum 17,529

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule			
		10/23/16	10/23/17	10/23/18	10/23/19
		2014/October	52,587	Maximum 17,529	Maximum 35,038

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule		
		11/1/16	11/1/17	11/1/18
		2014/October	50,639	Maximum 1/3 rd of total

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule	
		10/24/16	10/24/17
		2013/October	53,262

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule
		03/01/16
		2013/March

Other members of our board of directors

As of December 31, 2015, the other members of our board of directors held the following number of shares:

Sir Peter Bonfield: 30,487 from vested stock units

Mr. Huth: 8,135 from vested stock units

Mr. Goldman: 33,526 from vested stock units

Dr. Helmes: 6,487 from vested stock units

Mr. Kaeser: 30,487 from vested stock units

Mr. Loring: 36,486 from vested stock units

Ms. Southern: 4,127 from vested stock units

Mr. Meurice: 3,117 from vested stock units

Dr. Tsai: 3,117 from vested stock units

Mr. Summe: 4,381

To each of Sir Peter Bonfield, Messrs. Huth, Goldman, Kaeser and Loring, Dr. Helmes and Ms. Southern, all being members of our board of directors, the following restricted stock units had been granted and were outstanding as of December 31, 2015:

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule
		10/29/16
2015/October	2,740	2,740

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Series	<u>Number of Restricted Stock Units</u>	<u>Number of Stock Units per vesting schedule 10/24/16</u>
2013/October	1,685	1,685

To each of Mr. Meurice and Dr. Tsai, in 2014 being appointed as member of our board of directors, the following restricted stock units had been granted and were outstanding as of December 31, 2015:

Series	<u>Number of Restricted Stock Units</u>	<u>Number of Stock Units per vesting schedule 10/29/16</u>
2015/October	2,740	2,740

To Mr. Summe, in 2015 being appointed as member of our board of directors, the following restricted stock units had been granted in exchange for his Freescale RSU's and were outstanding as of December 31, 2015:

Series	<u>Number of Restricted Stock Units</u>	<u>Number of Stock Units per vesting schedule 05/03/16</u>
2015/December	1,947	1,947

Pensions

Our chief executive officer and eligible members of the management team participate in the executives' pension plan, which we established in the Netherlands and which consists of a combination of a career average and a defined-contribution plan. We paid for our chief executive officer a total pension plan contribution of €12,491 in 2015 (2014: €589,262). We also made a total pension plan contribution in the aggregate of €270,235 (2014: €1,183,695) for the members of our management team.

Additional Arrangements

In addition to the main conditions of employment, a number of additional arrangements apply to our chief executive officer and other members of the management team; these arrangements do not apply to the non-executive members of our board of directors. These additional arrangements, such as housing compensation and relocation allowances, medical insurance, accident insurance, school fee compensation and company car arrangements are broadly in line with those for the NXP executives globally. In the event of disablement, our chief executive officer and other members of the management team are entitled to benefits in line with those for other NXP executives. In the event of our chief executive officer's death while in the service of NXP, any unvested equity awards (including any NXP stock options, performance stock units and restricted stock units) will vest. In line with regulatory requirements, the Company's policy forbids personal loans, guarantees or similar arrangements to members of our board, and consequently no loans, guarantees or similar arrangements were granted to such members since 2010, nor were any such loans outstanding as of December 31, 2015.

Unless the law provides otherwise, the members of our board of directors are expected to be reimbursed by us for various costs and expenses, such as reasonable costs of defending claims, as formalized in the articles of association. Under certain circumstances, described in the articles of association, such as an act or failure to act by a member of our board of directors that can be characterized as intentional (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*), there will be no entitlement to this reimbursement.

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Summary Compensation Table

The following table sets forth the annual compensation paid or granted during the year ended December 31, 2015 to the members of our board of directors on an individual basis for services in all capacities.

	Salary and/ or fees	Performance related compensation (€)	Number of stock, stock options and stock units granted	Non-equity incentive plan compensation or benefits in kind (€)	Pension, retirement or similar benefits (€)
Richard L. Clemmer	1,142,000(1)	1,324,720	237,795	1,520,080	12,491
Sir Peter Bonfield	275,000(1) 6,000(2)	—	2,740	—	—
Johannes P. Huth	91,000(2)	—	2,740	—	—
Kenneth A. Goldman	101,000(2)	—	2,740	—	—
Dr. Marion Helmes	91,000(2)	—	2,740	—	—
Josef Kaeser	91,000(2)	—	2,740	—	—
Ian Loring	85,000(2)	—	2,740	—	—
Eric Meurice	99,000(2)	—	2,740	—	—
Peter Smitham*	— (2)	—	—	—	—
Gregory L. Summe*	— (2)	—	1,947	—	—
Julie Southern	91,000(2)	—	2,740	—	—
Rick Tsai	85,000(2)	—	2,740	—	—
Total:	1,417,000(1) 740,000(2)	1,324,720	264,402	1,520,080	12,491

1) in €

2) in \$

* Peter Smitham and Mr. Gregory L. Summe were appointed as non-executive director of the Company effective December 7, 2015. The first payment of their compensation will be made in January 2016.

The following table sets forth the annual compensation paid or granted during the year ended December 31, 2014 to the members of our board of directors on an individual basis for services in all capacities.

	Salary and/ or fees	Performance related compensation (€)	Number of stock, stock options and stock units granted	Non-equity incentive plan compensation or benefits in kind (€)	Pension, retirement or similar benefits (€)
Richard L. Clemmer	1,142,000(1)	1,575,960	282,430	1,007,751	589,262
Sir Peter Bonfield	275,000(1) 6,000(2)	—	3,117	—	—
Johannes P. Huth	91,000(2)	—	3,117	—	—
Kenneth A. Goldman	101,000(2)	—	3,117	—	—
Dr. Marion Helmes	91,000(2)	—	3,117	—	—
Josef Kaeser	91,000(2)	—	3,117	—	—
Ian Loring	85,000(2)	—	3,117	—	—
Eric Meurice*	69,914(2)	—	3,117	—	—
Michel Plantevin*	36,438(2)	—	—	—	—
Jean-Pierre Saad*	32,603(2)	—	—	—	—
Julie Southern	91,000(2)	—	3,117	—	—
Rick Tsai*	42,500(2)	—	3,117	—	—
Total:	1,417,000(1) 737,455(2)	1,575,960	310,483	1,007,751	589,262

1) in €

2) in \$

* Eric Meurice was appointed effective April 1, 2014 and Mr. Rick Tsai was appointed effective July 1, 2014. Mr. Michel Plantevin and Mr. Jean-Pierre Saad resigned as non-executive director of the Company on May 20, 2014.

C. Board Practices

Management Structure

We have a one-tier board structure, consisting of an executive director and non-executive directors.

Powers, Composition and Function

The number of executive and non-executive directors is determined by the board of directors. The board of directors consists of one executive director and nine non-executive directors. The executive director, Mr. Clemmer, has been appointed as our chief executive officer.

The appointment of the directors will be made by our general meeting of stockholders upon a binding nomination of the board of directors. A resolution to appoint a director nominated by the board of directors is adopted by a simple majority of the votes cast. The nomination shall state whether the director is proposed to be an executive or non-executive director. The general meeting of stockholders may at all times overrule the binding nature of such a nomination by a resolution adopted by at least a two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital. The board of directors may then make a new nomination. If a nomination has not been made or has not been made in due time, this shall be stated in the notice and the general meeting of stockholders shall be free to appoint a director at its discretion. The latter resolution of the general meeting of stockholders must also be adopted by at least two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital.

Under our articles of association and Dutch corporate law, the members of the board of directors are collectively responsible for the management, general and financial affairs and policy and strategy of our company. Our executive director will be responsible for the day-to-day management of the Company and for the preparation and execution of board resolutions, to the extent these tasks are not delegated to a committee of the board of directors. Our chief executive officer or all directors acting jointly may represent our company with third parties.

A conflict of interest between the Company and one or more of our directors is not expected to have any impact on the authority of directors to represent the Company. Under our board regulations, a conflict needs to be reported to the board of directors and the board of directors shall resolve on the consequences, if any. Effective January 1, 2013, Dutch law, in case of a conflict, does not allow the directors concerned to participate in discussions or vote on such matters.

Our non-executive directors will supervise the executive director and our general affairs and provide general advice to the executive director. Furthermore the non-executive directors will perform such acts that are delegated to them pursuant to our articles of association or by our board regulation. One of the non-executive directors has been appointed as chairman of the board and another non-executive director has been appointed as vice-chairman of the board of directors.

Each director owes a duty to us to properly perform the duties assigned to him and to act in the corporate interest of our company. Under Dutch law, the corporate interest extends to the interests of all corporate stakeholders, such as stockholders, creditors, employees, customers and suppliers.

Our directors are appointed for one year and will be re-electable each year at the general meeting of stockholders. The members of our board of directors may be suspended or dismissed at any time by the general meeting of stockholders. A resolution to suspend or dismiss a director will have to be adopted by at least a two thirds majority of the votes cast, provided such majority represents more than half of our issued share capital and unless the proposal to suspend or dismiss a member of the board of directors is made by the board of directors itself, in which case resolutions shall be adopted by a simple majority of votes cast. Effective January 1, 2013, Dutch law facilitates the suspension of executive directors by the board.

In the event that one or more directors are prevented from acting or in the case of a vacancy or vacancies for one or more directors, the board of directors remains properly constituted. The board of directors is expected to have the power, without prejudice to its responsibility, to cause our company to be represented by one or more attorneys. These attorneys shall have such powers as shall be assigned to them on or after their appointment and in conformity with our articles of association, by the board of directors.

The board of directors has adopted board regulations governing its performance, its decision making, its composition, the tasks and working procedure of the committees and other matters relating to the board of directors, the chief executive officer, the non-executive directors and the committees established by the board of directors. In accordance with our board regulations, resolutions of our board of directors will be adopted by a simple majority of votes cast in a meeting at which at least the majority of its members is present or represented. Each member of the board of directors has the right to cast one vote. In a tie vote, the proposal will be rejected.

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Board Committees

While retaining overall responsibility, our board of directors has assigned certain of its tasks to permanent committees. Members of the permanent committees will be appointed by the board of directors. The board of directors will also determine the tasks of each committee. Our board of directors has established an audit committee and a nominating and compensation committee, each of which will have the responsibilities and composition described below:

- **Audit Committee.** Our audit committee consists of four independent non-executive directors, Messrs. Goldman and Kaeser and Dr. Helmes and Ms. Southern. Mr. Goldman, who is appointed as chairman of the audit committee, qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and as determined by our board of directors. Our audit committee assists the board of directors in supervising, monitoring and advising the board of directors on financial reporting, risk management, compliance with relevant legislation and regulations and our business code of conduct. It will oversee the preparation of our financial statements, our financial reporting process, our system of internal business controls and risk management, our internal and external audit process and our internal and external auditor’s qualifications, independence and performance. Our audit committee also reviews our annual and interim financial statements and other public disclosures, prior to publication. At least once per year, the non-executive directors who are part of the audit committee reports their findings to the plenary board of directors. Our audit committee also recommends to our stockholders the appointment of external auditors. The external auditor attends most meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings.
- **Nominating and Compensation Committee.** Our nominating and compensation committee consists of three non-executive directors, Messrs. Huth, Meurice and Sir Peter Bonfield; all three members are independent directors under the Dutch corporate governance rules and under the NASDAQ and SEC compensation committee structure and membership requirements. Mr. Meurice is appointed as chairman of this committee. The nominating & compensation committee determines selection criteria and appointment procedures for members of our board of directors, periodically assesses the scope and composition of our board of directors and evaluates the performance of its individual members. It is responsible for recommending to the board of directors the compensation package for our executive directors, with due observance of the remuneration policy adopted by the general meeting of stockholders. It reviews employment contracts entered into with our executive directors, makes recommendations to our board of directors with respect to major employment-related policies and oversees compliance with our employment and compensation-related disclosure obligations under applicable laws.

Limitation of Liability and Indemnification Matters

Unless prohibited by law in a particular circumstance, our articles of association require us to reimburse the members of the board of directors and the former members of the board of directors for damages and various costs and expenses related to claims brought against them in connection with the exercise of their duties. However, there shall be no entitlement to reimbursement if and to the extent that (i) a Dutch court has established in a final and conclusive decision that the act or failure to act of the person concerned may be characterized as willful (*opzettelijk*), intentionally reckless (*bewust roekeloos*) or seriously culpable (*ernstig verwijtbaar*) conduct, unless Dutch law provides otherwise or this would, in view of the circumstances of the case, be unacceptable according to standards of reasonableness and fairness, or (ii) the costs or financial loss of the person concerned are covered by an insurance and the insurer has paid out the costs or financial loss. We may enter into indemnification agreements with the members of the board of directors and our officers to provide for further details on these matters. We have purchased directors’ and officers’ liability insurance for the members of the board of directors and certain other officers, substantially in line with that purchased by similarly situated companies.

At present, there is no pending litigation or proceeding involving any member of the board of directors, officer, employee or agent where indemnification will be required or permitted. We are not aware of any threatened litigation or proceedings that might result in a claim for such indemnification.

Insofar as indemnification of liabilities arising under the Securities Act of 1933, as amended, may be permitted to members of the board of directors, officers or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, such indemnification is against public policy as expressed in the Securities Act of 1933, as amended, and is therefore unenforceable.

D. Employees

As of December 31, 2015 we had approximately 44,000 full-time equivalent employees. The following table indicates the % of full-time equivalent employees per geographic area:

	% as of December 31,	
	2015	2014
Europe and Africa	20	23
Americas	16	2
Greater China	27	29
Asia Pacific	37	46
Total	100	100

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We have not experienced any material strikes or labor disputes in the past. A number of our employees are members of a labor union. In various countries, local law requires us to inform and consult with employee representatives on matters relating to labor conditions. We consider our employee relations to be good.

E. Share Ownership

Information with respect to share ownership of members of our board of directors is included in Part I, Item 7. *Major Shareholders and Related Party Transactions* and notes 17 and 19 to our Consolidated Financial Statements, which are incorporated herein by reference. Information with respect to the grant of shares and stock options to employees is included in note 8 to our Consolidated Financial Statements which are incorporated herein by reference. In order to maintain a strong alignment between the interests of NXP's management and our shareholders, we have adopted an equity ownership policy for the President/CEO and the other members of our management team. The number of shares to be maintained by the members of our management team increases each time our shares are being delivered upon the vesting of stock options or other rights to our shares. The management team members are required to maintain a certain number of our shares until the time that he or she is no longer employed by us.

Item 7. Major Shareholders and Related Party Transactions

A. Major Shareholders

The following table shows the amount and percentage of our common stock beneficially owned as of December 31, 2015, December 31, 2014 and December 31, 2013 by (i) each person who is or was known by us to own beneficially more than 5% of our common stock, (ii) each current member of our board of directors, and (iii) all members of the board and named executive officers as a group. A person is a "beneficial owner" of a security if that person has or shares voting or investment power over the security or if he has the right to acquire beneficial ownership within 60 days. Unless otherwise noted, these persons may be contacted at our executive offices and, unless otherwise noted, have to our knowledge sole voting and investment power over the shares listed.

	Common Stock Beneficially Owned as of December 31					
	2015		2014		2013	
	Number	%*	Number	%*	Number	%*
Blackstone Funds ⁽¹⁾	33,275,028	9.62	—	—	—	—
Wellington Management Company, LLP	—	—	18,843,170	7.48	28,935,677	11.49
FMR LLC ⁽²⁾	22,525,068	6.51	22,796,838	9.05	23,180,919	9.21
T. Rowe	—	—	1,715,115	0.68	18,606,181	7.39
Richard L. Clemmer	4,188,683	1.21	3,410,762	1.36	3,224,174	1.28
Sir Peter Bonfield	30,487	0.01	25,312	0.01	43,549	0.02
Johannes P. Huth	8,135	0.002	98,351	0.04	89,999	0.04
Kenneth Goldman	33,526	0.01	28,351	0.011	22,999	0.01
Dr. Marion Helmes	6,487	0.002	1,685	0.001	—	—
Josef Kaeser	30,487	0.01	25,312	0.01	19,999	0.01
Ian Loring ⁽³⁾	36,486	0.01	28,351	0.011	7,764,240	3.08
Eric Meurice	3,117	0.001	—	—	—	—
Julie Southern	4,127	0.001	1,072	0.001	—	—
Rick Tsai	3,117	0.001	—	—	—	—
Peter Smitham	—	—	—	—	—	—
Gregory L. Summe	4,381	0.001	—	—	—	—
All directors and named executive officers as a group ⁽⁴⁾	4,349,033	1.26	3,619,196	1.44	11,184,959	4.45

* Percentage computations are based on 346,002,862 shares of our common stock issued and outstanding as of December 31, 2015, and 251,751,500 as of December 31, 2014 and December 31, 2013.

(1) Blackstone Capital Partners (Cayman) V L.P. ("BCP V") directly holds 4,156,503 common shares, Blackstone Capital Partners (Cayman) V-A L.P. ("BCP V-A") directly holds 3,848,209 common shares, BCP (Cayman) V-S L.P. ("BCP V-S") directly holds 3,296,062 common shares, BCP V Co-Investors (Cayman) L.P. ("Co-Investors") directly holds 7,914,873 common shares, Blackstone Firestone Transaction Participation Partners (Cayman) L.P. ("BFTPP") directly holds 6,248,154 common shares, Blackstone Firestone Principal Transaction Partners (Cayman) L.P. ("BFPTP") directly holds 7,350,770 common shares, Blackstone Family Investment Partnership (Cayman) V-SMD L.P. ("BFIP V-SMD") directly holds 40,285 common shares, Blackstone Family Investment Partnership (Cayman) V L.P. ("BFIP V") directly holds 392,641 common shares, and Blackstone Participation Partnership (Cayman) V L.P. ("BPP V") and, together with BCP V, BCP V-A, BCP V-S, Co-Investors, BFTPP, BFPTP, BFIP V-SMD and BFIP V, the "Blackstone Funds") directly holds 27,531 common shares.

The general partner of each of BCP V, BCP V-A, BCP V-S, Co-Investors, BFTPP and BFPTP is Blackstone Management Associates (Cayman) V L.P. ("BMA V"). The general partner of BFIP V-SMD is Blackstone Family GP L.L.C.

Blackstone LR Associates (Cayman) V Ltd. ("BLRA") and BCP V GP L.L.C. are the general partners of each of BMA V, BFIP V and BPP V. Blackstone Holdings III L.P. is the sole member of BCP V GP L.L.C. and a shareholder of BLRA. The general partner of Blackstone Holdings III L.P. is Blackstone Holdings III GP L.P. The general partner of Blackstone Holdings III GP L.P. is Blackstone Holdings III GP Management L.L.C. The sole member of Blackstone Holdings III GP Management L.L.C. is The Blackstone Group L.P. The general partner of The Blackstone Group L.P. is Blackstone Group Management L.L.C. Blackstone Group Management L.L.C. is wholly owned by Blackstone's senior managing directors and controlled by its founder, Stephen A. Schwarzman.

The address of the Blackstone Funds is 345 Park Avenue, New York, NY 10154, United States.

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- (2) Information about the number of common shares owned by FMR LLC (“FMR”) on December 31, 2015, is based solely on a Schedule 13G filed by FMR LLC and Abigail P. Johnson with the SEC on February 12, 2016, reporting share ownership as of December 31, 2015. The address of FMR is 245 Summer Street, Boston, Massachusetts 02210. FMR, along with certain of its subsidiaries and affiliates, and other companies, beneficially owned an aggregate of 22,525,068 common shares, has sole power to vote 2,204,722 shares and the sole power to dispose of 22,525,068 shares of our common stock. Abigail P. Johnson is a Director, the Vice Chairman, the Chief Executive Officer and the President of FMR. Members of the Johnson family, including Abigail P. Johnson, are the predominant owners, directly or through trusts, of Series B voting common shares of FMR LLC, representing 49% of the voting power of FMR LLC. The Johnson family group and all other Series B shareholders have entered into a shareholders’ voting agreement under which all Series B voting common shares will be voted in accordance with the majority vote of Series B voting common shares. Accordingly, through their ownership of voting common shares and the execution of the shareholders’ voting agreement, members of the Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR LLC.
- (3) Mr. Loring is a director of our Company, as well as a member of the investment committee of Bain Capital Investors, LLC. Amounts disclosed for Mr. Loring include shares beneficially owned by the funds advised by Bain. Mr. Loring disclaims beneficial ownership of any shares owned directly or indirectly by funds advised by Bain.
- (4) Reflects shares that may be beneficially owned by our directors. However, each director disclaims beneficial ownership of such shares. In addition, as of December 31, 2015, stock options and other rights to shares represented a total of 20,035,907 shares of common stock were outstanding.

No shareholders held different voting rights.

B. Related Party Transactions

The transactions NXP has with related parties are not deemed to be material, individually or in the aggregate. See Part III, Item 18. *Financial Statements*, note 19 *Related-party Transactions*.

C. Interests of Experts and Counsel

Not applicable.

Item 8. Financial Information

A. Consolidated Statements and Other Financial Information

Consolidated Statements

See Part III, Item 18. *Financial Statements*.

Dividend Policy

We currently retain all of our earnings for use in the operation and expansion of our business, to repurchase or redeem capital stock, and in the repayment of our debt. We have never declared or paid any cash dividends on our common stock and may not pay any cash dividends in the foreseeable future. Whether or not dividends will be paid in the future will depend on, among other things, our results of operations, financial condition, level of indebtedness, cash requirements, covenants in our financings, contractual restrictions and other factors that our board of directors and our stockholders may deem relevant. If, in the future, our board of directors decides not to allocate profits to our reserves (making such profits available to be distributed as dividends), any decision to pay dividends on our common stock will be at the discretion of our stockholders.

B. Significant Changes

Not applicable.

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Item 9. The Offer and Listing

A. Offer and Listing Details

The following table shows the high and low closing sales prices of the common stock on the stock market of NASDAQ as reported in the Official Price List for the following periods:

Most recent six months											
January 2016		December 2015		November 2015		October 2015		September 2015		August 2015	
High	Low	High	Low	High	Low	High	Low	High	Low	High	Low
84.44	68.43	94.09	83.28	93.46	76.73	97.95	73.00	91.02	81.84	99.28	79.26

On February 12, 2016, the closing sales price of the common stock on the stock market of NASDAQ was \$67.30.

	2015		2014		2013	
	High	Low	High	Low	High	Low
1st quarter	108.03	72.38	59.91	42.94	32.80	26.55
2nd quarter	112.25	95.33	66.44	55.72	32.01	25.29
3rd quarter	99.28	79.26	73.01	60.50	39.11	31.18
4th quarter	97.95	73.00	77.85	53.90	45.95	36.03

B. Plan of Distribution

Not applicable.

C. Markets

The shares of common stock of the Company are listed on the stock market of the NASDAQ Global Select Market in New York under the ticker symbol "NXPI".

D. Selling Shareholders

Not applicable.

E. Dilution

Not applicable.

F. Expenses of the Issue

Not applicable.

Item 10. Additional Information

A. Share Capital

Not applicable.

B. Memorandum and Articles of Association

The information required by this section is incorporated by reference to Exhibit 3.2 of Amendment No. 7 to the Company's Registration Statement on Form F-1, filed on August 5, 2010 (File No. 333-166128).

C. Material Contracts

Other than the material contracts described below, we have not entered into any material contracts other than in the ordinary course of business.

2015

On March 1, 2015, we entered into a Merger Agreement, by and among the Company, Freescale and Nimble Acquisition Limited (“Merger Sub”), a Bermuda exempted limited liability company and Sub, providing for the merger of Sub with and into Freescale (the “Merger”), with Freescale surviving the Merger as a wholly-owned, indirect subsidiary of the Company.

Concurrently with the execution and delivery of the Merger Agreement, Freescale Holdings L.P. (“Freescale LP”), the largest holder of Freescale Common Shares, the Company and certain limited partners of Freescale LP, entered into a support agreement (the “Support Agreement”) whereby Freescale LP committed, among other things, subject to the terms and conditions of the Support Agreement, to vote all of its Freescale Common Shares (representing approximately 64% of the Freescale Common Shares outstanding as of the date of the Support Agreement) for the adoption of (and not to participate in any litigation challenging) the Merger Agreement.

On December 7, 2015, we entered into the Bermuda Merger Agreement, by and among the Company, Freescale and Merger Sub, consummating the Merger. As per the same date, we entered into Shareholders Agreements with certain former Freescale shareholders (“Sponsors”), containing transfer restrictions for the Sponsors in relation to NXP shares received in the Merger and the requirement for NXP to use its best efforts to cause to be declared effective by the SEC a registration statement on Form F-1 or Form F-3 or such other available form covering the NXP ordinary shares requested to be included by certain of the Sponsors.

In connection with the Merger, we also entered into the following financing agreements:

- 2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes: On June 2, 2015, NXP B.V. and NXP Funding LLC entered into an indenture in relation to the \$600 million aggregate principal amount of 2020 Senior Unsecured Notes and \$400 million aggregate principal amount of 2022 Senior Unsecured Notes that they issued.
- New RCF Agreement: NXP B.V. and NXP Funding LLC, as Borrowers, the several lenders party thereto, the Collateral Agent, Morgan Stanley Senior Funding Inc., as RCF Administrative Agent, the joint lead arrangers, the joint bookrunners and the co-managers, each as detailed therein, entered on December 7, 2015 into a \$600 million New RCF Agreement. All present and future obligations of the Borrowers arising under and pursuant to the terms of the New RCF Agreement are guaranteed pursuant to RCF Guaranty Agreement by and among NXP B.V., NXP Funding LLC, NXP Semiconductors Netherlands B.V. and NXP Semiconductors Taiwan Ltd. (collectively, the “NXP Credit Guarantors”) and Freescale Semiconductor Holdings V, Inc. and Freescale Semiconductor Inc. (collectively, the “Freescale Credit Guarantors”) dated as of December 7, 2015;
- Term Loan B: The Borrowers, the several lenders party thereto, Morgan Stanley Senior Funding LLC, as Collateral Agent, Credit Suisse AG, as Term Loan Administrative Agent, the joint lead arrangers, the joint bookrunners and the co-managers, each as detailed therein, entered into a \$2,700 million New Secured Term Credit Agreement. All present and future obligations of the Borrowers arising under and pursuant to the terms of the New Secured Term Credit Agreement are guaranteed pursuant to the Term Loan Guaranty Agreement by and among each of the NXP Credit Guarantors and each of the Freescale Credit Guarantors dated as of December 7, 2015;
- Secured Bridge Term Credit Agreement: The Borrowers, the Collateral Agent, Credit Suisse AG, as Bridge Loan Administrative Agent, and the lenders party thereto, entered on December 7, 2015 into a Secured Bridge Term Credit Agreement. All present and future obligations of the Borrowers arising under and pursuant to the terms of the Secured Bridge Term Credit Agreement are guaranteed pursuant to the Bridge Loan Guaranty Agreement by and among each of the NXP Credit Guarantors and each of the Freescale Credit Guarantors dated as of December 7, 2015. Amounts outstanding under the Secured Bridge Term Credit Agreement were repaid in full on December 16, 2015; and
- Secured Notes: NXP B.V., NXP Funding LLC, NXP Semiconductors Netherlands B.V., NXP Semiconductors UK Limited, NXP Semiconductors USA, Inc., NXP Semiconductors Germany GmbH, NXP Semiconductors Hong Kong Limited, NXP Semiconductors Philippines Inc., NXP Semiconductors Singapore Pte. Ltd., NXP Semiconductors Taiwan Ltd. and NXP Manufacturing (Thailand) Ltd. entered into and acceded to the A&R Freescale Indentures as additional guarantors.

On May 28, 2015, we entered into an agreement to sell our RF Power business to JAC Capital, and on December 7, 2015 we completed this divestment.

2014

We entered into an indenture in relation to \$1,150 million aggregate principal amount of U.S. Dollar-denominated 1.00% Cash Convertible Senior Notes due 2019 on November 24, 2014.

NXP B.V. and NXP Funding LLC entered into a Senior Secured Term Loan Facility on February 18, 2014 for an aggregate principal amount of \$400 million at a rate of interest of LIBOR plus 2% with a floor of 0.75% due 2017.

D. Exchange Controls

Cash dividends payable on our ordinary shares and cash interest payments to holders of our debt securities may be remitted from the Netherlands to nonresidents without legal restrictions imposed by the laws of the Netherlands, except that (i) such payments must be reported to the Dutch Central Bank for statistical purposes only and (ii) the transfer of funds to jurisdictions subject to general economic sanctions adopted in connection with policies of the United Nations, European Commission or similar measures imposed directly by the Government of the Netherlands may be restricted.

E. Taxation

Certain Tax Considerations-Holder of Common Stock

Summary of Dutch Tax Considerations

The following summary describes the material Dutch tax consequences of the ownership and disposition of our shares of common stock as of the date hereof and is intended as general information only. This summary does not contain a detailed description of all the Dutch tax law consequences applicable to you as a holder of shares of common stock in the Company in light of your particular circumstances and does not address the effects of any non-Dutch tax laws. For Dutch tax purposes, a holder of our shares may include an individual who or an entity that does not have the legal title of the shares, but to whom nevertheless the shares are attributed based either on such individual or entity holding a beneficial interest in the shares or based on specific statutory provisions, including statutory provisions pursuant to which shares are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the shares.

If you are considering the purchase, ownership or disposition of our shares, you should consult your own tax advisors concerning the Dutch tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect. For the purpose of this paragraph, "Dutch taxes" means taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe and does not include Bonaire, St. Eustatius and Saba. Any reference hereafter made to a treaty for the avoidance of double taxation concluded by the Netherlands includes the Tax Regulation for the Kingdom of the Netherlands (*Belastingregeling voor het Koninkrijk*), the Tax Regulation for the country of the Netherlands (*Belastingregeling voor het land Nederland*) and the Agreement between the Taipei Representative Office in the Netherlands and the Netherlands Trade and Investment Office in Taipei for the avoidance of double taxation.

Withholding Tax

A stockholder is generally subject to Dutch dividend withholding tax at a rate of 15 percent on dividends distributed by us, if any. Generally, we are responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the stockholder.

Dividends distributed by us include, but are not limited to:

- distributions of profits in cash or in kind, whatever they be named or in whatever form;
- proceeds from the liquidation of the Company, or proceeds from the repurchase of shares by the Company, in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- the par value of shares issued to a stockholder or an increase in the par value of shares, to the extent that no contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- partial repayment of paid-in capital, that is (i) not recognized for Dutch dividend withholding tax purposes, or (ii) recognized for Dutch dividend withholding tax purposes, to the extent that we have net profits (*zuivere winst*), unless (a) the general meeting of stockholders has resolved in advance to make such repayment and (b) the par value of the shares concerned has been reduced with an equal amount by way of an amendment to our articles of association. The term net profits includes anticipated profits that have yet to be realized.

Notwithstanding the above, no withholding is required in the event of a repurchase of shares, if certain conditions are fulfilled.

Furthermore, subject to certain exceptions under Dutch domestic law, we may not be required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax withheld in respect of dividends distributed by us, if we have received a profit distribution from a qualifying foreign subsidiary (including a subsidiary resident on Bonaire, St. Eustatius or Saba), which distribution is exempt from Dutch corporate income tax and has been subject to a foreign withholding tax of at least 5 percent. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3 percent of the dividends distributed by us and (ii) 3 percent of the profit distributions that we received from qualifying foreign subsidiaries in the calendar year in which we distribute the dividends (up to the moment of such dividend distribution) and in the two previous calendar years. Further limitations and conditions apply. We will, upon request, provide stockholders with information regarding the Dutch dividend withholding tax that was retained by us.

If a stockholder is resident in a country other than the Netherlands under the provisions of a treaty for the avoidance of double taxation between the Netherlands and such country, such stockholder may, depending on the terms of such treaty, be entitled to an exemption from, reduction in or refund of Dutch dividend withholding tax on dividends distributed by us.

If a stockholder is subject to Dutch corporate income tax and is entitled to the participation exemption in relation to the benefits derived from the shares held by it and such shares are attributable to an enterprise carried out in the Netherlands, such stockholder will generally be entitled to an exemption from Dutch dividend withholding tax on dividends distributed by us.

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If a stockholder (i) is resident in another member state of the European Union or an appointed state of the European Economic Area, i.e. Iceland, Norway and Liechtenstein, according to the tax laws of that state and, under the terms of a double taxation agreement concluded by that state with a third state, is not considered to be resident for tax purposes outside the European Union, Iceland, Norway or Liechtenstein; and (ii) owns an interest in us to which the Dutch participation exemption would be applicable if the stockholder were resident in the Netherlands; such stockholder will generally be eligible for an exemption from Dutch dividend withholding tax on dividends distributed by us.

Furthermore, if a stockholder:

- (a) is an entity which is resident for Dutch tax purposes in a member state of the European Union, Iceland, Norway or Liechtenstein or which is a qualifying stockholders resident elsewhere;
- (b) is not subject to a tax levied by reference to its profits in its country of residence; and
- (c) would not have been subject to Dutch corporate income tax had the stockholder been resident in the Netherlands for Dutch tax purposes;

such stockholder will be eligible for a full refund of Dutch dividend withholding tax on dividends distributed by us, unless such stockholder is comparable to an exempt investment institution (*vrijgestelde beleggingsinstelling*) or fiscal investment institution (*fiscale beleggingsinstelling*), as described respectively in article 6a and 28 of the Dutch corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969*). For purposes of (a) above, a qualifying stockholder is an entity that (i) is resident for Dutch tax purposes in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands and (ii) holds its shares as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between the stockholder and the company and the shares do not allow the stockholder to participate effectively in the management or control of the company.

A stockholder who is considered to be resident in the United States and is entitled to the benefits of the convention between the United States and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, dated December 18, 1992, as amended most recently by the Protocol signed March 8, 2004 (the "Treaty"), will be entitled to a reduction in the Dutch withholding tax by way of an exemption, reduction or refund, as follows:

- if the U.S. stockholder is an exempt pension trust, as described in article 35 of the Treaty, or an exempt organization, as described in article 36 of the Treaty, the U.S. stockholder will be exempt from Dutch dividend withholding tax;
- if the U.S. stockholder is a company which holds directly at least 10 percent of the voting power in the company, the U.S. stockholder will be subject to Dutch withholding tax at a rate not exceeding 5 percent;
- if the U.S. stockholder is a company which holds directly at least 80 percent of the voting power in the company and certain other conditions are met, the U.S. stockholder will be exempt from Dutch dividend withholding tax; and
- in all other cases, the U.S. stockholder will be subject to Dutch dividend withholding tax at a rate of 15 percent.

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividend paid by us is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

Taxes on Income and Capital Gains

The description of taxation set out in this section of the Report does not apply to any stockholder who is an individual for whom the income or capital gains derived from our shares of common stock are attributable to employment activities, the income from which is taxable in the Netherlands.

A stockholder will not be subject to Dutch taxes on income or capital gains in respect of the ownership and disposal of our shares, other than Dutch dividend withholding tax as described above, except if:

- (i) the stockholder is, or is deemed to be, resident in the Netherlands for Dutch (corporate) income tax purposes;
- (ii) the stockholder derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a stockholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which permanent establishment or a permanent representative the shares are attributable;
- (iii) the stockholder is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) carried out in the Netherlands in respect of the shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities;
- (iv) the stockholder is an individual and has a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in the company, which is not attributable to the assets of an enterprise;
- (v) the stockholder is not an individual and (a) the stockholder has a substantial interest or a fictitious substantial interest in the company, (b) the main purpose, or one of the main purposes of the shareholding is the avoidance of the levy of Dutch income tax or dividend withholding tax on someone other than the stockholder, and (c) there is an artificial arrangement or series of arrangements;

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- (vi) the stockholder is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net-worth of an enterprise, other than by way of the holding of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the shares are attributable; or
- (vii) the stockholder is an individual and is entitled to a share in the profits of an enterprise, other than by way of the holding of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the shares are attributable.

Generally, a stockholder has a substantial interest if such stockholder, alone or together with its partner, directly or indirectly (a) owns, or holds certain rights on, shares representing five percent or more of the total issued and outstanding capital of the company, or of the issued and outstanding capital of any class of shares of the company; (b) holds rights to, directly or indirectly, acquire shares, whether or not already issued, representing five percent or more of the total issued and outstanding capital of the company, or of the issued and outstanding capital of any class of shares of the company; or (c) owns, or holds certain rights on, profit participating certificates that relate to five percent or more of the annual profit of the company or to five percent or more of the liquidation proceeds of the company. A stockholder will also have a substantial interest if its partner or one of certain relatives of the stockholder or of its partner has a substantial interest.

Generally, a stockholder has a fictitious substantial interest in the company if, without having an actual substantial interest in the company (i) an enterprise has been contributed to the company in exchange for shares on an elective non-recognition basis; (ii) the shares have been obtained under inheritance law or matrimonial law, on a non-recognition basis, while the disposing stockholder had a substantial interest in the company; (iii) the shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the stockholder prior to this transaction had a substantial interest in an entity that was party thereto; or (iv) the shares held by the stockholder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognized upon disqualification of these shares.

Gift Tax and Inheritance Tax

No Dutch gift or inheritance tax is due in respect of any gift of the shares by, or inheritance of the shares on the death of, a stockholder, except if:

- (i) at the time of the gift or death of the stockholder, the stockholder is resident, or is deemed to be resident, in the Netherlands;
- (ii) the stockholder passes away within 180 days after the date of the gift of the shares and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of its death, resident in the Netherlands; or
- (iii) the gift of the shares is made under a condition precedent and the stockholder is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled.

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if the individual has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his/her death. For purposes of Dutch gift tax, any individual, irrespective of its nationality, will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

Other Taxes and Duties

No other Dutch taxes, including turnover tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a stockholder by reason only of the purchase, ownership and disposal of the shares.

Residency

A stockholder will not become resident, or deemed resident in the Netherlands for tax purposes by reason only of holding the shares.

United States Federal Income Tax Considerations

The following summary describes the material United States federal income tax consequences of the ownership and disposition of our shares as of the date hereof. The summary set forth below is applicable only to United States Holders (as defined below) (i) who are residents of the United States for purposes of the Treaty, (ii) whose shares do not, for purposes of the Treaty, form part of the business property of a permanent establishment, or pertain to a fixed base, in the Netherlands, and (iii) who otherwise qualify for the full benefits of the Treaty. Except where noted, this summary deals only with shares held as capital assets. As used herein, the term "United States Holder" means a beneficial owner of a share that is for United States federal income tax purposes:

- an individual citizen or resident of the United States;
- a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate the income of which is subject to United States federal income taxation regardless of its source; or
- a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

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This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

- a dealer in securities or currencies;
- a financial institution;
- a regulated investment company;
- a real estate investment trust;
- an insurance company;
- a tax-exempt organization;
- a person holding our shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;
- a trader in securities that has elected the mark-to-market method of accounting for your securities;
- a person liable for alternative minimum tax;
- a person who owns or is deemed to own 10% or more of our voting stock;
- a person holding our shares in connection with a trade or business conducted outside of the United States;
- a partnership or other pass-through entity for United States federal income tax purposes; or
- a person whose “functional currency” is not the United States dollar.

The summary below is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the “Code”), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified, perhaps retroactively, so as to result in United States federal income tax consequences different from those discussed below.

If a partnership (or other entity treated as a partnership for United States federal income tax purposes) holds our shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partnership or a partner of a partnership holding our shares, you should consult your tax advisors.

This summary does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the Medicare tax on net investment income or the effects of any state, local or non-United States tax laws. If you are considering the purchase, ownership or disposition of our shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

Taxation of Dividends

The gross amount of distributions on the shares (including any amounts withheld in respect of Dutch withholding taxes to the extent such amounts are actually transferred to the Dutch tax authorities, as described under “*Certain Tax Considerations—Holder of Common Stock—Summary of Dutch Tax Considerations—Withholding Tax*” above) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such amounts taxable as dividends (including any portion thereof withheld and paid over to the Dutch tax authorities) will be includable in your gross income as ordinary income on the day actually received by you or on the day received by your nominee or agent that holds the shares on your behalf. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

With respect to non-corporate United States investors, certain dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the Treaty meets these requirements. We believe we are currently eligible for the benefits of the Treaty. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. United States Treasury Department guidance indicates that our shares, which are listed on the NASDAQ Global Select Market, are considered readily tradable on an established securities market in the United States. There can be no assurance that our shares will be considered readily tradable on an established securities market in later years.

Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as “investment income” pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. For this purpose, the minimum holding period requirement will not be met if a share has been held by a holder for 60 days or less during the 121-day period beginning on the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend, appropriately reduced by any period in which such holder is protected from risk of loss. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of these rules to your particular circumstances.

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The maximum rate of withholding tax on dividends paid to you pursuant to the Treaty is 15 percent. You may be required to properly demonstrate to the Company and the Dutch tax authorities your entitlement to the reduced rate of withholding under the Treaty. Subject to certain conditions and limitations, Dutch withholding taxes on dividends may be treated as foreign taxes eligible for credit against your United States federal income tax liability. However, amounts withheld to reflect Dutch withholding taxes will not be creditable to the extent that we are allowed to reduce the amount of the withholding tax that is actually transferred to the Dutch tax authorities, as described under “*Certain Tax Considerations—Holder of Common Stock—Summary of Dutch Tax Considerations—Withholding Tax*” above. For purposes of calculating the foreign tax credit, dividends paid on the shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if you:

- have held shares for less than a specified minimum period during which you are not protected from risk of loss, or
- are obligated to make payments related to the dividends,

you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

Passive Foreign Investment Company

Based on the composition of our income and valuation of our assets, including goodwill, we do not believe we were a passive foreign investment company (a “PFIC”) for the 2015 taxable year, and we do not expect to become one in the future, although there can be no assurance in this regard. If, however, we are or become a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

Taxation of Capital Gains

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of a share in an amount equal to the difference between the amount realized for the share and your tax basis in the share. Such gain or loss will generally be capital gain or loss. Capital gains of non-corporate United States Holders (including individuals) derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss.

Information Reporting and Backup Withholding

In general, information reporting will apply to dividends in respect of our shares and the proceeds from the sale, exchange or redemption of our shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or fail to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is furnished to the Internal Revenue Service.

F. Dividends and Paying Agents

Not applicable.

G. Statement by Experts

Not applicable.

H. Documents on Display

It is possible to read and copy documents referred to in this Report on Form 20-F that have been filed with the SEC at the SEC’s public reference room located at 450 Fifth Street, NW, Washington, D.C. 20549.

Please call the SEC at 1-800-SEC-0330 for further information on the public reference rooms and their copy charges.

The Company’s SEC filings are also publicly available through the SEC’s website at www.sec.gov.

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I. Subsidiary Information

Not applicable.

Item 11. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to changes in interest rates and foreign currency exchange rates because we finance certain operations through fixed and variable rate debt instruments and denominate our transactions in a variety of foreign currencies. Changes in these rates may have an impact on future cash flow and earnings. We manage these risks through normal operating and financing activities and, when deemed appropriate, through the use of derivative financial instruments. We do not enter into financial instruments for trading or speculative purposes.

By using derivative instruments, we are subject to credit and market risk. The fair market value of the derivative instruments is determined by using valuation models whose inputs are derived using market observable inputs, including interest rate yield curves, as well as foreign exchange and commodity spot and forward rates, and reflects the asset or liability position as of the end of each reporting period. When the fair value of a derivative contract is positive, the counterparty owes us, thus creating a receivable risk for us. We are exposed to counterparty credit risk in the event of non-performance by counterparties to our derivative agreements. We minimize counterparty credit (or repayment) risk by entering into transactions with major financial institutions of investment grade credit rating. Our exposure to market risk is not hedged in a manner that completely eliminates the effects of changing market conditions on earnings or cash flow.

Interest Rate Risk

Given the leveraged nature of our Company, we have inherent exposure to changes in interest rates. Our New RCF Agreement has a floating rate interest. We have issued several Term Loans that have a floating rate interest and have issued several series of notes with maturities ranging from 1 to 7 years with fixed rates. From time to time, we may execute a variety of interest rate derivative instruments to manage interest rate risk. Consistent with our risk management objective and strategy, we have no interest rate risk hedging transactions in place.

Foreign Currency Risks

We are also exposed to market risk from changes in foreign currency exchange rates, which could affect operating results as well as our financial position and cash flows. We monitor our exposures to these market risks and generally employ operating and financing activities to offset these exposures where appropriate. If we do not have operating or financing activities to sufficiently offset these exposures, from time to time, we may employ derivative financial instruments such as swaps, collars, forwards, options or other instruments to limit the volatility to earnings and cash flows generated by these exposures. Derivative financial instruments are only used for hedging purposes and not for trading or speculative purposes. The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate and record these as assets or liabilities in the balance sheet. Changes in the fair values are recognized in the statement of operations immediately unless cash flow hedge accounting is applied.

Our primary foreign currency exposure relates to the U.S. dollar to euro exchange rate. However, our foreign currency exposures also relate, but are not limited, to the Chinese Yuan, the Japanese Yen, the Pound Sterling, the Malaysian Ringgit, the Singapore Dollar, the Taiwan Dollar and the Thailand Baht.

Equity Price Risk

Cash Convertible Senior Notes

Our Cash Convertible Senior Notes include conversion and settlement provisions that are based on the price of our common stock at conversion or at maturity of the notes. In addition, the hedges and warrants associated with these convertible notes also include settlement provisions that are based on the price of our common stock. The amount of cash we may be required to pay to the holders at conversion or maturity of the notes is determined by the price of our common stock. The amount of cash that we may receive from hedge counterparties in connection with the related hedges and the number of shares that we may be required to provide warrant counterparties in connection with the related warrants are also determined by the price of our common stock.

Item 12. Description of Securities Other than Equity Securities

Not applicable.

PART II

Item 13. Defaults, Dividend Arrearages and Delinquencies

None

Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds

None

Item 15. Controls and Procedures

Disclosure Controls and Procedures

As of the end of the period covered by this Report, our management, with the participation of our chief executive officer and chief financial officer, conducted an evaluation pursuant to Rule 13a-15(e) and 15d-15(e) of the Securities and Exchange Act of 1934, as amended (the “Exchange Act”) of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our chief executive officer and chief financial officer concluded that as of the end of the period covered by this Report such disclosure controls and procedures were effective to provide reasonable assurance that information required to be disclosed in reports we filed or submitted under the Exchange Act was recorded, processed, summarized and reported within the time periods specified in the rules and forms of the Securities and Exchange Commission, and included controls and procedures designed to ensure that information required to be disclosed in such reports was accumulated and communicated to our management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Management’s Report on Internal Control over Financial Reporting

The Company’s management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15(d)-15(f) of the Exchange Act. The Company’s internal control over financial reporting is designed to provide reasonable assurance, not absolute assurance, regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with U.S. generally accounting principles.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect all misstatements. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of the Company’s internal control over financial reporting as of December 31, 2015 based on the criteria established in “*Internal Control - Integrated Framework (2013)*” by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our assessment of, and conclusion on, the effectiveness of internal control over financial reporting did not include the internal controls of Freescale Semiconductor, acquired on December 7, 2015, which is included in our 2015 consolidated financial statements and represented approximately 10% of our total assets (excluding any purchase price accounting effect) as of December 31, 2015, and approximately 6% of our total revenues for the year ended December 31, 2015. Based on that assessment our management concluded that our internal control over financial reporting was effective as of December 31, 2015.

During 2015, there have not been any changes in the Company’s internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, the Company’s internal controls over financial reporting.

It should be noted that any control system, regardless of how well it is designed and operated, can provide only reasonable, not absolute, assurance that its objectives will be met. Control systems can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control. In addition, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of these and other inherent limitations of control systems, there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote.

Attestation Report of the Registered Public Accounting Firm

For the year ended December 31, 2015 an attestation report regarding internal control over financial reporting of the Company’s registered public accounting firm is required. The attestation is included in Part III, Item 18. *Financial Statements*.

Item 16A. Audit Committee Financial Expert

Mr. Goldman, chairman of our audit committee, qualifies as an “audit committee financial expert” as such term is defined in Item 407(d)(5) of Regulation S-K and as determined by our board of directors. Our board of directors has determined that Mr. Goldman is an independent director under the NASDAQ Global Select Market Corporate Governance Rules.

Item 16B. Code of Ethics

The NXP Code of Conduct outlines our general commitment to be a responsible social partner and the way in which we attempt to interact with our stakeholders, including stockholders, suppliers, customers, employees and the market. The Code of Conduct expresses our commitment to an economically, socially and ethically sustainable way of working. It covers our policy on a diverse array of subjects, including corporate gifts, child labor, International Labor Organization conventions, working hours, sexual harassment, free-market competition, bribery and the integrity of financial reporting.

The NXP Code of Conduct is available on our website at www.nxp.com/investor/governance. We will disclose on this website any amendments to, or waivers from, our Code of Business Conduct and Ethics (to the extent applicable to any principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions). The information contained on our website or that can be accessed through our website neither constitutes part of this Report on Form 20-F nor is incorporated by reference herein.

Item 16C. Principal Accountant Fees and Services

The Company has instituted a comprehensive auditor independence policy that regulates the relation between the Company and its external auditors and is available on our website (www.nxp.com/investor). The policy includes rules for the pre-approval by the audit committee of all services to be provided by the external auditor. The policy also describes the prohibited services that may not be provided. Proposed services may be pre-approved at the beginning of the year by the audit committee (annual pre-approval) or may be pre-approved during the year by the audit committee in respect of a particular engagement (specific pre-approval). The annual pre-approval is based on a detailed, itemized list of services to be provided, designed to ensure that there is no management discretion in determining whether a service has been approved and to ensure the audit committee is informed of each service it is pre-approving. Unless pre-approval with respect to a specific service has been given at the beginning of the year, each proposed service requires specific pre-approval during the year. Any annually pre-approved services where the fee for the engagement is expected to exceed pre-approved cost levels or budgeted amounts will also require specific pre-approval. The term of any annual pre-approval is 12 months from the date of the pre-approval unless the audit committee states otherwise. During 2014, there were no services provided to the Company by the external auditors which were not pre-approved by the audit committee.

The external auditor attends, in principle, all meetings of the audit committee. The findings of the external auditor, the audit approach and the risk analysis are also discussed at these meetings. The external auditor attends the meeting of the board of directors at which the report of the external auditor with respect to the audit of the annual accounts is discussed, and at which the annual accounts are approved. In its audit report on the annual accounts to the board of directors, the external auditor refers to the financial reporting risks and issues that were identified during the audit, internal control matters, and any other matters, as appropriate, requiring communication under the auditing standards generally accepted in the Netherlands and the United States.

Our Consolidated Financial Statements included in this Report have been audited by KPMG Accountants N.V., an independent registered public accounting firm. These financial statements have been approved by the relevant boards.

The aggregate fees billed for professional services rendered for the fiscal periods 2015 and 2014 were as follows:

Aggregate fees KPMG

(\$ in millions)	2015	2014
Audit fees	4.9	3.2
Other fees	0.1	0.1
	5.0	3.3

Audit fees consist of fees for the examination of both the consolidated and statutory financial statements and include fees paid by Freescale to KPMG prior to the acquisition. Audit fees also include fees that only our independent auditor can reasonably provide such as comfort letters and review of documents filed with the SEC. Other fees consist of fees for professional services by our independent registered accounting firm for permissible non-audit services.

Item 16D. Exemptions from the Listing Standards for Audit Committees

Not applicable.

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Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers

The following table provides a summary of shares repurchased by the Company in 2015:

<u>Period begin</u>	<u>Period end</u>	<u>Period</u>	<u>Total Number of Shares Purchased</u>	<u>Average Price Paid per Share</u>	<u>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</u>	<u>Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs</u>
January 1	February 8	January	8,277	78.39	8,277	3,819,330
February 9	March 8	February	41,384	81.79	41,384	3,777,946
March 9	April 5	March	—	—	—	3,777,946
April 6	May 10	April	1,339,185	99.59	1,339,185	2,438,761
May 11	June 7	May	360,253	79.18	250,000	2,188,761
June 8	July 5	June	—	—	—	2,188,761
July 6	August 9	July	490,108	95.37	490,108	1,698,653
August 10	September 6	August	1,210,000	86.64	1,210,000	488,653
September 7	October 4	September	70,000	88.28	70,000	20,418,653
October 5	November 8	October	1,579,851	82.59	1,579,851	18,838,802
November 9	December 6	November	—	—	—	18,838,802
December 7	December 31	December	237,252	85.92	237,252	18,601,550
		Total 2015	5,336,310	88.93	5,226,057	

From time to time, last in September 2015, the General Meeting of Shareholders authorized the Board of Directors to repurchase shares of our common stock. On that basis, the Board of Directors resolved to repurchase shares to cover in part employee stock options and equity rights under its long term incentive plans. The purchases identified in the table were all pursuant to this authorization.

Item 16F. Change in Registrant's Certifying Accountant

Not applicable.

Item 16G. Corporate Governance

The Dutch Corporate Governance Code

Since our initial public offering in August 2010, we have been required to comply with the Dutch corporate governance code. The Dutch corporate governance code, as revised, became effective on January 1, 2009, and applies to all Dutch companies listed on a government-recognized stock exchange, whether in the Netherlands or elsewhere. The code is based on a “comply or explain” principle. Accordingly, companies are required to disclose in their Annual Reports filed in the Netherlands whether or not they are complying with the various rules of the Dutch corporate governance code that are addressed to the board of directors or, if any, the supervisory board of the company and, if they do not apply those provisions, to give the reasons for such non-application. The code contains principles and best practice provisions for managing boards, supervisory boards, stockholders and general meetings of stockholders, financial reporting, auditors, disclosure, compliance and enforcement standards.

The Dutch corporate governance code provides that if a company indicates to what extent it applies the best practice provisions, such company will be deemed to have applied the Dutch corporate governance code.

The following discussion summarizes the primary differences between our corporate governance structure and best practice provisions of the Dutch corporate governance code:

- Best practice provisions II.2.4 and II.2.5 state that stock options granted to members of our board shall, in any event, not be exercised in the first three years after the date of granting and shares granted to board members without financial consideration shall be retained for a period of at least five years or until at least the end of the employment, if this period is shorter. Under our equity incentive schemes, part of the stock options granted to our chief executive officer are exercisable one year after the date of grant, and members of our board who received restrictive shares and performance shares are not required to retain these shares for at least five years. Although a deviation from the Corporate Governance Code, we hold the view that the combination of equity incentives granted to our chief executive officer, in relation to his obligation—laid down in the NXP Executive Equity Ownership Policy of October 2013—to maintain at least 20% of the after tax number of NXP shares delivered upon the vesting of any performance stock units granted as of October 2013, as well as the applicable strict vesting and performance criteria, will enhance the goal of promoting long-term investments in the Company. The same is true for the equity grants made to other members of our board, which also have very strict vesting criteria with the purpose of creating long-term commitment to the Company.

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- Pursuant to best practice provision IV.1.1, a general meeting of stockholders is empowered to cancel binding nominations of candidates for the board, and to dismiss members of the board by a simple majority of votes of those in attendance, although the company may require a quorum of at least one third of the voting rights outstanding. If such quorum is not represented, but a majority of those in attendance vote in favor of the proposal, a second meeting may be convened and its vote will be binding, even without a one-third quorum. Our articles of association currently state that the general meeting of stockholders may at all times overrule a binding nomination by a resolution adopted by at least a two-thirds majority of the votes cast, if such majority represents more than half of the issued share capital. Although a deviation from provision IV.1.1 of the Dutch Corporate Governance Code, we hold the view that these provisions will enhance the continuity of the Company's management and policies.

Effective January 1, 2012, Dutch law does not allow directors to vote on a matter with regard to which they have an interest.

The NASDAQ Global Select Market Corporate Governance Rules

We are a foreign private issuer. As a result, in accordance with the listing requirements of the NASDAQ Global Select Market, we rely on home country governance requirements and are exempt from certain corporate governance requirements that would otherwise apply in accordance with the listing requirements of the NASDAQ Global Select Market. These exemptions and home country rules relied on by us are described below:

- We are exempt from NASDAQ's quorum requirements applicable to meetings of stockholders. Pursuant to Dutch corporate law, the validity of a resolution by the general meeting of stockholders does not depend on the proportion of the capital or stockholders represented at the meeting (i.e. quorum), unless the law or articles of association of a company provide otherwise. Our articles of association provide that a resolution proposed to the general meeting of stockholders by the board of directors shall be adopted by a simple majority of votes cast, unless another majority of votes or quorum is required under Dutch law or our articles of association. All other resolutions shall be adopted by a two thirds majority of the votes cast, provided such majority represents at least half of the issued share capital, unless another majority of votes or quorum is required under Dutch law. To this extent, our practice varies from the requirement of Listing Rule 5620(c), which requires an issuer to provide in its bylaws for a quorum, and that such quorum may not be less than one-third of the outstanding voting stock.
- We are exempt from NASDAQ's requirements regarding the solicitation of proxies and provision of proxy statements for meetings of stockholders. We inform stockholders of meetings in a public notice. We prepare a proxy statement and solicit proxies from the holders of our listed stock. Our practice in this regard, however, differs from the typical practice of U.S. corporate issuers in that the advance record date for determining the holders of record entitled to attend and vote at our stockholder meetings is determined by Dutch law (currently 28 days prior to the meeting). As an administrative necessity, we establish a mailing record date in advance of each meeting of stockholders for purposes of determining the stockholders to which the proxy statement and form of proxy will be sent. However, only stockholders of record on the specified record date are entitled to attend and vote, directly or by proxy, at the meeting.
- NASDAQ requires stockholder approval prior to the issuance of securities when a stock option or purchase plan is to be established or materially amended or other equity compensation arrangement made or materially amended, pursuant to which stock may be acquired by officers, directors, employees or consultants. Under Dutch law and the Dutch corporate governance code, stockholder approval is only required for equity compensation plans (or changes thereto) for members of the board, and not for equity compensation plans for other groups of employees. However, we note that under Dutch law, the stockholders have the power to issue shares or rights to subscribe for shares at the general meeting of the stockholders unless such power has been delegated to the board. On June 2, 2015, our general meeting of stockholders has empowered our board of directors to issue additional shares and grant rights to subscribe for shares of common stock, up to 10% of the issued share capital which authorization can be used for general purposes and an additional 10% if the shares of common stock are issued or rights are granted in connection with an acquisition, merger or (strategic) alliance, and to restrict or exclude pre-emptive rights pertaining to (the right to subscribe for) shares for a period of 18 months from June 2, 2015 until December 2, 2016.
- As a foreign private issuer, we are exempt from NASDAQ's requirement that compensation committees be comprised exclusively of independent directors provided that we describe the home country practice followed in lieu of such requirement and disclose the reasons for not having such an independent compensation committee. Under Dutch law and the Dutch corporate governance code, the general meeting of stockholders must adopt a policy in respect of the remuneration of the board. In accordance with our articles of association and our board rules, the remuneration of the executive directors is determined by the board of directors upon the recommendation of our nominating and compensation committee. Accordingly, applicable laws, regulations and corporate governance rules and practices do not require independence of the members of our nominating and compensation committee. Currently, all three members of our nominating and compensation committee are independent directors under the Dutch corporate governance rules and under the NASDAQ and SEC compensation committee structure and membership requirements.
- We are exempt from NASDAQ's requirement to have independent director oversight of director nominations. In accordance with Dutch law, our articles of association require that our directors will be appointed by the general meeting of stockholders upon the binding nomination of the board. In accordance with our board rules, the nominating and compensation committee will recommend the nomination of directors to our board.

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- NASDAQ requires us to adopt a nominations committee charter or a board resolution addressing the nominations process. In accordance with the Dutch corporate governance code, we have adopted the committee's charter. However, the nominations process has been set out in our articles of association and board rules.

Moreover, we will not distribute Annual Reports to all of our stockholders in accordance with NASDAQ rules. Dutch law requires that the external auditors be appointed at the general meeting of stockholders and not by the audit committee. Our audit committee, which consists of members of our board of directors, shall only make a recommendation to the stockholders through the board of directors for the appointment and compensation of the independent registered public accounting firm and shall oversee and evaluate the work of our independent registered public accounting firm.

Item 16H. Mine Safety Disclosures

Not applicable.

PART III

Item 17. Financial Statements

We are furnishing the financial statements pursuant to the instructions of Part III, Item 18. *Financial Statements* of this Report.

Item 18. Financial Statements

See pages F-1 to F-42

Item 19. Exhibits

<u>Exhibit Number</u>	<u>Description of Document</u>
2.1#	Sale and Purchase Agreement, dated as of December 22, 2010, between NXP Semiconductors N.V., NXP B.V., the Dover Corporation, Knowles Electronics, LLC and EFF Acht Beteiligungsverwaltung GmbH (incorporated by reference to Exhibit 2.1 of the Form 20-F of NXP Semiconductors N.V. filed on March 13, 2012)
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 3.1 of Amendment No. 7 to the Registration Statement on Form F-1 of NXP Semiconductors N.V., filed on August 2, 2010 (File No. 333-166128))
3.2	Articles of Association of NXP Semiconductors N.V. (incorporated by reference to Exhibit 3.2 of Amendment No. 7 to the Registration Statement on Form F-1 of NXP Semiconductors N.V., filed on August 2, 2010 (File No. 333-166128))
4.1	Secured Term Credit Agreement dated March 4, 2011, as amended by (i) the Joinder and Amendment Agreement dated as of November 18, 2011, (ii) the New Term Loan Joinder Agreement dated as of February 16, 2012, (iii) the New Term Loan Joinder Agreement dated as of December 10, 2012, (iv) the 2013 New Term Loan Joinder Agreement dated as of November 27, 2013, and (v) the 2014 New Term Loan Joinder Agreement dated as of February 18, 2014, among NXP B.V. and NXP Funding LLC as borrowers, Barclays Bank PLC as Administrative Agent, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent, Mizuho Corporate Bank, Ltd. as Taiwan Collateral Agent, and the lenders party thereto. (incorporated by reference to Exhibit 4.8 of the Form 20-F of NXP Semiconductors N.V. filed on March 13, 2012)
4.2	Secured Revolving Credit Agreement dated April 27, 2012, as amended by an Incremental Joinder Agreement dated as of October 29, 2012, among NXP Semiconductors N.V., NXP B.V. and NXP Funding LLC as borrower, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and Administrative Agent, Mizuho Corporate Bank, Ltd. as Taiwan Collateral Agent and the lenders party thereto. (incorporated by reference to Exhibit 4.10 of the Form 20-F of NXP Semiconductors N.V. filed on March 1, 2013)
4.3	Senior Unsecured Indenture dated as of February 14, 2013 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature page thereto as borrower and Deutsche Bank Trust Company Americas as Trustee (incorporated by reference to Exhibit 4.13 of Form 20-F of NXP Semiconductors N.V. filed on March 13, 2012)
4.4	Senior Unsecured Indenture dated as of March 12, 2013 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto and Deutsche Bank Trust Company Americas as Trustee (incorporated by reference to Exhibit 4.7 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014)
4.5	Senior Unsecured Indenture dated as of May 20, 2013 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto and Deutsche Bank Trust Company Americas as Trustee (incorporated by reference to Exhibit 4.8 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014)
4.6	Senior Unsecured Indenture dated as of September 24, 2013 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature page thereto and Deutsche Bank Trust Company Americas as Trustee (incorporated by reference to Exhibit 4.9 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014)
4.7	Senior Unsecured Indenture dated as of November 24, 2014 among NXP Semiconductors N.V. as Issuer and Deutsche Bank Trust Company Americas as Trustee (incorporated by reference to Exhibit 4.7 of the Form 20-F of NXP Semiconductors N.V. filed on March 6, 2015)
4.8	Support Agreement, dated as of March 1, 2015, by and among NXP Semiconductors N.V., Freescale Holdings L.P. and certain limited partners of Freescale Holdings L.P. (incorporated by reference to Exhibit 2 of the Form 6-K of NXP Semiconductors N.V. filed on March 3, 2015)
4.9	Commitment Letter, dated as of March 1, 2015, by and among NXP B.V., Credit Suisse Securities (USA) LLC and Credit Suisse AG, Cayman Islands Branch (incorporated by reference to Exhibit 3 of the Form 6-K of NXP Semiconductors N.V. filed on March 3, 2015)
4.10	Senior Unsecured Indenture dated June 9, 2015 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto and Deutsche Bank Trust Company Americas as Trustee

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<u>Exhibit Number</u>	<u>Description of Document</u>
4.11	New Secured Term Credit Agreement dated as of December 7, 2015 among NXP B.V. and NXP Funding LLC as Borrowers, the several lenders from time to time parties thereto, Morgan Stanley Senior Funding, Inc. as Collateral Agent, Credit Suisse AG as Administrative Agent, Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, Deutsche Bank Securities Inc. and Bank of America, N.A. as Joint Lead Arrangers and Joint Bookrunners, and Goldman Sachs Lending Partners LLC, Citigroup Global Markets Limited and Coöperative Centrale Raiffeisen-Boerenleenbank B.A. as Co-Managers (incorporated by reference to Exhibit 2 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.12	Term Loan Guaranty Agreement dated as of December 7, 2015 among the guarantors listed on the signature pages thereto, Credit Suisse AG as Administrative Agent and Morgan Stanley Senior Funding, Inc. as Collateral Agent (incorporated by reference to Exhibit 3 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.13	New RCF Agreement dated as of December 7, 2015 among NXP B.V. and NXP Funding LLC as Borrowers, the several lenders from time to time parties thereto, Morgan Stanley Senior Funding, Inc. as Collateral Agent, Morgan Stanley Senior Funding, Inc., as Administrative Agent, Citibank, N.A. as Letter of Credit Issuer, Credit Suisse Securities (USA) LLC, Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, Deutsche Bank Securities Inc. and Bank of America N.A. as Joint Lead Arrangers and Joint Bookrunners, and Goldman Sachs Lending Partners LLC, Citigroup Markets Limited and Coöperative Centrale Raiffeisen-Boerenleenbank B.A. as Co-Managers (incorporated by reference to Exhibit 4 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.14	RCF Guaranty Agreement dated as of December 7, 2015 among NXP B.V., NXP Funding LLC and each of the the subsidiary guarantors listed on the signature pages thereto, Morgan Stanley Senior Funding, Inc. as Collateral Agent and Morgan Stanley Senior Funding, Inc. as Administrative Agent (incorporated by reference to Exhibit 5 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.15	Secured Bridge Term Credit Agreement dated as of December 7, 2015 among NXP B.V. and NXP Funding LLC as Borrowers, the lenders from time to time parties thereto, Morgan Stanley Senior Funding, Inc. as Collateral Agent and Credit Suisse AG as Administrative Agent (incorporated by reference to Exhibit 6 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.16	Bridge Loan Guaranty Agreement dated as of December 7, 2015 among NXP B.V., NXP Funding LLC and each of the subsidiary guarantors listed on the signature pages thereto, Morgan Stanley Senior Funding, Inc. as Collateral Agent and Credit Suisse AG as Administrative Agent (incorporated by reference to Exhibit 7 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.17	Supplemental Guaranty dated as of December 7, 2015 to the guarantee dated as of March 4, 2011 among NXP B.V., each of the Guarantors listed on the signature pages thereto, Barclays Bank PLC as Administrative Agent, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and Mizuho Corporate Ban, Ltd. as Taiwan Collateral Agent (incorporated by reference to Exhibit 10.4 of the Form 8-K of Freescale Semiconductor, Ltd. filed on December 7, 2015)
4.18	Amended and Restated 2021 Freescale Indenture dated as of December 7, 2015 among Freescale Semiconductor, Inc., the Guarantors listed on the signature pages thereto and the Bank of New York Mellon Trust Company, N.A. as Trustee (incorporated by reference to Exhibit 8 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
4.19	Amended and Restated 2022 Freescale Indenture dated as of December 7, 2015 among Freescale Semiconductor, Inc., the Guarantors listed on the signature pages thereto and Wells Fargo Bank, National Association as Trustee (incorporated by reference to Exhibit 9 of the Form 6-K of NXP Semiconductors N.V. filed on December 7, 2015)
10.1	Intellectual Property Transfer and License Agreement dated as of September 28, 2006 between Koninklijke Philips Electronics N.V. and NXP B.V. (incorporated by reference to Exhibit 10.1 of the Amendment No. 3 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 30, 2010 (File No. 333-166128))
10.2	Intellectual Property Transfer and License Agreement dated as of November 16, 2009 among NXP B.V., Virage Logic Corporation and VL C.V. (incorporated by reference to Exhibit 10.2 of the Amendment No. 3 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 30, 2010 (File No. 333-166128))
10.3	Shareholders' agreement dated as of March 30, 1999, as amended among EBD Investments Pte. Ltd., Koninklijke Philips Electronics N.V. and Taiwan Semiconductor Manufacturing Company Ltd. (incorporated by reference to Exhibit 10.4 of the Amendment No. 3 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 30, 2010 (File No. 333-166128))
10.4	Lease Agreement dated as of December 23, 2004 between Jurong Town Corporation and Systems on Silicon Manufacturing Company Pte. Ltd. for the property at No. 70 Pasir Ris Drive 1, Singapore (incorporated by reference to Exhibit 10.8 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.5	Lease Agreement dated September 26, 2003 between Huangjiang Investment Development Company and NXP Semiconductors (Guangdong) Company Ltd. for the property at Tian Mei High Tech Industrial Park, Huang, Jiang Town, Dongguan City, China (incorporated by reference to Exhibit 10.9 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.6	Building Lease Contract dated as of May 12th, 2000 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.10 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.7	Agreement with regard to the Lease of Standard Plant Basements dated as of July 1, 2011 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 4.8 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014)
10.8	Agreement with regard to the Lease of Additional Land dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.14 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.9	Agreement with regard to the Lease of a Dangerous Goods Warehouse dated as of November 27, 2009 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.15 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.10	Agreement with regard to the Lease of Land at Property Number AL012 dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.18 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.11	Agreement with regard to the Lease of Land at Property Number AL020 dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.19 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.12	Agreement with regard to the Lease of Land at Property Number AL071 dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.20 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.13	Agreement with regard to the Lease of Land at Property Number CL102 dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.21 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.14	Agreement with regard to the Lease of Land dated as of September 30, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.22 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.15	Agreement with regard to the Lease of Land at Property Number CL102 dated as of July 1, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.21 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.16	Agreement with regard to the Lease of Land dated as of September 30, 2008 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.22 of the Amendment No. 2 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 10, 2010 (File No. 333-166128))
10.17	Management Equity Stock Option Plan Terms and Conditions dated August 2010 (incorporated by reference to Exhibit 10.19 of the Form-20F of NXP Semiconductors N.V. filed on March 13, 2012)
10.18	Management Equity Stock Option Plan Terms and Conditions dated January 2011 (incorporated by reference to Exhibit 10.20 of the Form-20F of NXP Semiconductors N.V. filed on March 13, 2012)
10.19	Long Term Incentive Plan 2010 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan, Restricted Stock Unit Plan and Share Plan (incorporated by reference to Exhibit 10.21 of the Form-20F of NXP Semiconductors N.V. filed on March 13, 2012)
10.20	NXP Global Equity Incentive Program (incorporated by reference to Exhibit 10.26 of the Amendment No. 3 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on June 30, 2010 (File No. 333-166128))
10.21	Long Term Incentive Plan 2011 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan, Restricted Stock Unit Plan and Share Plan (incorporated by reference to Exhibit 4.8 of the Form-20F of NXP Semiconductors N.V. filed on March 13, 2012)

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<u>Exhibit Number</u>	<u>Description of Document</u>
10.22	Long Term Incentive Plan 2012/3 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan, Restricted Stock Unit Plan and Share Plan (incorporated by reference to Exhibit 10.22 of the Form-20F of NXP Semiconductors N.V. filed on March 1, 2013). Long Term Incentive Plan 2013/4 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan and Restricted Stock Unit Plan (incorporated by reference to Exhibit 10.22 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014). Long Term Incentive Plan 2014/5 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan, the Restricted Stock Unit Plan and the Keep Restricted Stock Unit Plan (incorporated by reference to Exhibit 10.22 of the Form-20F of NXP Semiconductors N.V. filed on February 28, 2014) and Long Term Incentive Plan 2015/6 Terms and Conditions with regard to the Stock Option Plan, the Performance Stock Unit Plan, the Restricted Stock Unit Plan and the Keep Restricted Stock Unit Plan.
10.23	Employee Stock Purchase Plan Terms and Conditions (incorporated by reference to Exhibit 4.1 of the Form S-8 of NXP Semiconductors N.V. filed on August 8, 2013)
10.24	Agreement and Plan of Merger, dated as of March 1, 2015, by and among NXP Semiconductors N.V., Freescale Semiconductor, Ltd. and Nimble Acquisition Limited (incorporated by reference to Exhibit 1 of the Form 6-K of NXP Semiconductors N.V. filed on March 3, 2015)
10.25	Shareholders' agreement dated as of December 7, 2015 among NXP Semiconductors N.V., P4 Sub L.P. 1, Permira IV L.P. 2, Permira Investments Limited and P4 Co-Investment L.P.
10.26	Shareholders' agreement dated as of December 7, 2015 among NXP Semiconductors N.V., Carlyle Partners IV Cayman, L.P., CPIV Coinvestment Cayman, L.P., Carlyle Asia Partners II, L.P., CAP II Co-Investment, L.P., CEP II Participations S.a.r.l. SICAR, Carlyle Japan Partners, L.P. and CJP Co-Investment, L.P.
10.27	Shareholders' agreement dated as of December 7, 2015 among NXP Semiconductors N.V., Blackstone Capital Partners (Cayman) V L.P., Blackstone Capital Partners (Cayman) V-A L.P., BCP (Cayman) V-S L.P., BCP V Co-Investors (Cayman) L.P., Blackstone Firestone Transaction Participation Partners (Cayman) L.P., Blackstone Firestone Principal Transaction Partners (Cayman) L.P., Blackstone Family Investment Partnership (Cayman) V L.P., Blackstone Family Investment Partnership (Cayman) V-SMD L.P. and Blackstone Participation Partnership (Cayman) V L.P.
10.28	Shareholders' agreement dated as of December 7, 2015 among NXP Semiconductors N.V., TPG Partners IV — AIV, L.P., TPG Partners V — AIV, L.P., and TPG FOF V-B, L.P.
12.1	Certification of R. Clemmer filed pursuant to 17 CFR 240. 13a-14(a)
12.2	Certification of D. Durn filed pursuant to 17 CFR 240. 13a-14(a)
13.1	Certification of R. Clemmer furnished pursuant to 17 CFR 240. 13a-14(b)
13.2	Certification of D. Durn furnished pursuant to 17 CFR 240. 13a-14(b)
21.1	List of Significant Subsidiaries of the Registrant
23	Consent of KPMG Accountants N.V.

Confidential treatment previously requested and granted

GLOSSARY

32 bit ARM microcontrollers	Microcontroller based on a 32-bit processor core developed and licensed by ARM Technologies.
AC-DC	Conversion of alternating current to direct current.
Analog	A form of transmission that is a continuous wave of an electrical signal that varies in frequency and/or amplitude in response to variations of physical phenomena such as human speech or music.
Back-end	The packaging, assembly and testing stages of the semiconductors manufacturing process, which takes place after electronic circuits are imprinted on silicon wafers in the front-end process.
BiCMOS	A process technology that combines bipolar and CMOS processes, typically by combining digital CMOS circuitry with higher voltage or higher speed bipolar circuitry.
Bipolar	A process technology used to create semiconductors for applications involving the use of higher power levels than are possible with a CMOS chip. Due to the geometry of a bipolar circuit, these devices are significantly larger than CMOS devices. The speed of the most advanced bipolar devices exceeds those attainable with CMOS, but only at very large electrical currents. As a result, the number of bipolar devices that can be integrated into a single product is limited.
Bluetooth low energy	Bluetooth low energy (BLE) is a wireless computer network technology that, in comparison with “classic” Bluetooth, requires considerably less power and provides a similar communication range. BLE has been included in the majority of smart phones for the past couple of years, with its initial application as the communication between the smart phone and other personal devices like fitness trackers and head-sets. Recently also other applications like communication with light bulbs are emerging.
CAN	Controller Area Network. A network technology used in automotive network architecture.
CATV	An abbreviation for cable television.
Car access and immobilizers	An automobile technology segment focused on keyless entry and car immobilization applications. An automobile immobilizer is an electronic device fitted to an automobile which prevents the engine from running unless the correct key (or other token) is present.
Chip	Semiconductor device.
CMOS	Complementary Metal Oxide Semiconductor. The most common integrated circuit fabrication technology in the semiconductor industry. The technology is used to make integrated circuits where small size and high speed are important. As a result of the very small feature sizes that can be attained through CMOS technology, however, the ability of these integrated circuits to cope with high electrical currents and voltages is limited.
Coolflux DSP	A low power digital signal processor designed for mobile audio applications.
Digital	A form of transmission where data is represented by a series of bits or discrete values such as 0 and 1.
Diode	A semiconductor that allows currents to flow in one direction only.
Discrete semiconductors	Unlike integrated circuits, which contain up to tens of millions of transistors, discrete semiconductors are single devices, usually with two terminals (diodes) or three terminals (transistors). These are either applied as peripheral components on printed circuit boards, or used for special purposes such as very high power applications.
DMOS	Diffused Metal on Silicon Oxide Semiconductor. A process technology used to manufacture integrated circuits that can operate at high voltage.
DSP	Digital signal processor. A specialized microprocessor optimized to process sequences of numbers or symbols which represent signals.
EMI filtering	Electromagnetic interference (or EMI, also called radio frequency interference or RFI when in high frequency or radio frequency) is disturbance that affects an electrical circuit due to either electromagnetic induction or electromagnetic radiation emitted from an external source.

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eNVM	Embedded non-volatile memory (eNVM) offers broad areas of applications for MCU (microcontroller) in Automotive, Mobility, and Security markets with key advantages such as dense board designs with reduced number of parts, reduced system costs, reduced noise, higher system speed due to fast code access, in-system on-board re-programmability of code and data storage, lower power dissipation, improved reliability, and real-time control application.
e-passport	A passport with secure data source chip used in providing personalized information.
ESD	Electrostatic discharge. The sudden and momentary electric current that flows between two objects caused by direct contact or induced by an electrostatic field. This term is used in the context of electronics to describe momentary unwanted currents that may cause damage to electronic equipment.
Fab (or wafer fab)	A semiconductor fabrication facility in which front-end manufacturing processes take place.
Fabless semiconductor company	A semiconductor company that does not have any internal wafer fab manufacturing capacity but instead focuses on designing and marketing its products, while outsourcing manufacturing to an independent foundry.
FlexRay	A new communications protocol designed for the high data transmission rates required by advanced automotive control systems.
Foundry	A semiconductor manufacturer that manufactures chips for third parties.
Front-end	The wafer processing stage of the semiconductors manufacturing process in which electronic circuits are imprinted onto raw silicon wafers. This stage is followed by the packaging, assembly and testing stages, which together comprise the back-end process.
HDMI	High-Definition Multimedia Interface. A compact audio/video interface for transmitting uncompressed digital data.
HDTMOS	High cell density TMOS (HDTMOS) is an advancement in power MOSFET technology that reduces power dissipation. This results in lower thermal generation and a reduction in the component's total part count.
HPRF power amplifier	High power RF (HPRF) system mainly consists of RF power amplifiers and waveguide distribution system. RF power amplifiers produce RF energy and waveguides transmit this RF energy to the accelerator modules.
HSPA+	Evolved High-Speed Packet Access, or HSPA+, is a technical standard for wireless, broadband telecommunication with higher speeds for the end user that are comparable to the newer LTE networks.
I²C	A multi-master serial single-ended computer bus that is used to attach low-speed peripherals to a motherboard, embedded system or mobile phone.
IC	Integrated Circuit. A miniaturized electronic circuit that has been manufactured in the surface of a thin substrate of semiconductor material.
ICN 6,8	NXP wafer fab facilities located in Nijmegen, Netherlands, processing 6" or 8" diameter wafers. As of end December 2014, only ICN 8 is still in use.
i.MX	i.MX applications processors are multicore ARM-based solutions for multimedia and display applications with scalability, high performance and low power capabilities.
In-process research and development	The value allocated to incomplete research and development projects in acquisitions treated as purchases.
IoT	The Internet of Things (IoT) is the network of physical objects—devices, vehicles, buildings and other items which are embedded with electronics, software, sensors and network connectivity, which enables these objects to collect and exchange data. The Internet of Things allows objects to be sensed and controlled remotely across existing network infrastructure, creating opportunities for more direct integration of the physical world into computer-based systems.
LDMOS	Laterally Diffused Metal Oxide Semiconductor. A transistor used in RF/microwave power amplifiers.
LED	Light Emitting Diode. A semiconductor device which converts electricity into light.
LIBOR	London Interbank Offered Rate. The benchmark rate at which interbank term deposits within the leadings banks in London would be charged if borrowing from other banks.
LIN	Local Interconnect Network. A network technology used in automotive network architecture.

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LNA	Low-Noise Amplifier. An electronic amplifier used to amplify very weak signals.
LTE	Long Term Evolution (LTE) is a 4G wireless broadband technology standard for wireless communication of high-speed data for mobile phones and data terminals, increasing the capacity and speed using a different radio interface together with core network improvements.
Memory	Any device that can store data in machine readable format. Usually used synonymously with random access memory and read only memory.
Microcontroller	A microprocessor combined with memory and interface integrated on a single circuit and intended to operate as an embedded system.
Micron	A metric unit of linear measure which equals one millionth of a meter. A human hair is about 100 microns in diameter.
MIFARE	Trademarked name, owned by NXP, for the most widely used contactless smart card, or proximity card, technology, for payment in transportation systems.
Mixed-signal	The mixed-signal part of an application solution refers to the devices and sub-system solutions that translate real world analog signals and phenomena such as radio frequency communication and power signals, sound, light, temperature, pressure, acceleration, humidity and chemical characteristics into digital or power signals that can be fed into the central microprocessing or storage devices at the heart of an application system solution.
MOS	Metal Oxide Semiconductor. A metal insulator semiconductor structure in which the insulating layer is an oxide of the substrate material.
MOSFET	Metal Oxide Semiconductor Field Effect Transistor. A device used for amplifying or switching electronic signals.
Nanometer	A metric unit of linear measure which equals one billionth of a meter. There are 1,000 nanometers in 1 micron.
NFC	Near field communication. A technology which allows devices to establish a secure point-to-point wireless connection at very close ranges (within several centimeters), and which is being increasingly adopted in mobile devices and point-of-sale terminals or other devices.
ODM	Original Design Manufacturer. A company which manufactures a product which ultimately will be branded by another firm for sale.
OEM	Original Equipment Manufacturer. A manufacturer that designs and manufactures its products for the end consumer market.
Power MOS	A specific type of metal oxide semiconductor designed to handle large amounts of power.
Process technologies	The technologies used in front-end processes to convert raw silicon wafers into finished wafers containing hundreds or thousands of chips.
QorIQ	QorIQ processing platforms are complete system on chip (SoC) processors for networking applications across carrier, enterprise, military and industrial markets.
Rectifier	An electrical device that converts alternating current to direct current.
RF	Radio Frequency. A high frequency used in telecommunications. The term radio frequency refers to alternating current having characteristics such that, if the current is input to an antenna, an electromagnetic (EM) field is generated suitable for wireless broadcasting and/or communications.
Radio Frequency Identification	An RF chip used for identification.
Semiconductors	Generic term for devices such as transistors and integrated circuits that control the flow of electrical signals. The most common semiconductor material for use in integrated circuits is silicon.
Silicon	A type of semiconducting material used to make wafers. Silicon is widely used in the semiconductor industry as a base material.
SoC	A system on a chip or system on chip (SoC) is an integrated circuit (IC) that integrates all components of a computer or other electronic system into a single chip. It may contain digital, analog, mixed-signal, and often radio-frequency functions—all on a single chip substrate.

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Solid State Lighting	A type of lighting that uses semiconductor light-emitting diodes (LEDs), organic light-emitting diodes (OLED), or polymer light-emitting diodes (PLED) as sources of illumination rather than electrical filaments, plasma or gas.
SPI	Serial Peripheral Interface Bus. A synchronous serial data link standard that operates in full duplex mode.
SS MOS	Small signal power discrete including a metal oxide semiconductor field effect transistor.
SS Transistor	A small signal transistor.
Substrate	The base material made from silicon on which an integrated circuit is printed.
TD-LTE	Time-division Long-Term Evolution (TD-LTE), is a 4G telecommunications technology and standard. It is one of two variants of the Long Term Evolution (LTE) technology standard.
TD-SCDMA	Time Division Synchronous Code Division Multiple Access (TD-SCDMA) is a 3G format of choice for the national standard of 3G mobile telecommunication in China.
Telematics	The science of sending, receiving and storing information via telecommunication devices.
Thyristor	A four-layer semiconductor that is often used for handling large amounts of electrical power.
UART	Universal Asynchronous Receiver/Transmitter. An integrated circuit used for serial communications over a computer or peripheral device serial port.
USB	Universal Serial Bus. A standard that provides a serial bus standard for connecting devices, usually to a computer.
Wafer	A disk made of a semiconducting material, such as silicon, usually either 100, 125, 150, 200 or 300 millimeters in diameter, used to form the substrate of a chip. A finished wafer may contain several thousand chips.
White goods	A term which refers to large household appliances such as refrigerators, stoves, dishwashers and other similar items.
Yield	The ratio of the number of usable products to the total number of manufactured products.
ZigBee	ZigBee is a technology of data transfer in wireless networks. It has low energy consumption and is designed for multi-channel control systems, alarm systems, and lighting control. It also has other various home and industry applications.

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this Annual Report on its behalf.

NXP Semiconductors N.V.
(Registrant)

/s/ RICK CLEMMER

Rick Clemmer
Chief Executive Officer
(Principal Executive Officer)

/s/ DANIEL DURN

Daniel Durn
Chief Financial Officer
(Principal Financial and Accounting Officer)

Date: February 26, 2016

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements and related schedules, together with the report of independent registered public accounting firms thereon, are filed as part of this Annual Report:

Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm, KPMG Accountants N.V.	F-2
Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013	F-3
Consolidated Statements of Comprehensive Income for the years ended December 31, 2015, 2014 and 2013	F-4
Consolidated Balance Sheets as of December 31, 2015 and 2014	F-5
Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013	F-6
Consolidated Statements of Changes in Equity for the years ended December 31, 2015, 2014 and 2013	F-7
Notes to the Consolidated Financial Statements	F-8

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
NXP Semiconductors N.V.:

We have audited the accompanying consolidated balance sheets of NXP Semiconductors N.V. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, cash flows, and changes in equity for each of the years in the three-year period ended December 31, 2015. We also have audited NXP Semiconductors N.V.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). NXP Semiconductors N.V.'s management is responsible for these consolidated financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these consolidated financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed 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. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NXP Semiconductors N.V. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles. Also in our opinion, NXP Semiconductors N.V. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

NXP Semiconductors N.V. acquired Freescale Semiconductor, Ltd. including subsidiaries ("Freescale") in December 2015, and management excluded from its assessment of the effectiveness of NXP Semiconductors N.V.'s internal control over financial reporting as of December 31, 2015, Freescale's internal control over financial reporting associated with approximately 10% of consolidated total assets (excluding any purchase price accounting effect) and approximately 6% of consolidated revenues included in the consolidated financial statements of NXP Semiconductors N.V. and subsidiaries as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting of NXP Semiconductors N.V. also excluded an evaluation of the internal control over financial reporting of Freescale.

/s/ KPMG Accountants N.V.
Amstelveen, the Netherlands
February 26, 2016

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NXP Semiconductors N.V.
Consolidated Statements of Operations

(\$ in millions, unless otherwise stated)

	For the years ended December 31,		
	2015	2014	2013
Revenue	6,101	5,647	4,815
Cost of revenue	(3,314)	(3,007)	(2,638)
Gross profit	2,787	2,640	2,177
Research and development	(890)	(763)	(639)
Selling, general and administrative	(922)	(686)	(664)
Amortization of acquisition-related intangible assets	(223)	(152)	(232)
Other income (expense)	1,263	10	9
Operating income (loss)	2,015	1,049	651
Financial income (expense):			
Extinguishment of debt	—	(3)	(114)
Other financial income (expense)	(529)	(407)	(160)
Income (loss) before income taxes	1,486	639	377
Benefit (provision) for income taxes	104	(40)	(20)
Results relating to equity-accounted investees	9	8	58
Net income (loss)	1,599	607	415
Less: Net income (loss) attributable to non-controlling interests	73	68	67
Net income (loss) attributable to stockholders	1,526	539	348
Earnings per share data:			
<i>Net income (loss) per common share attributable to stockholders in \$:</i>			
– Basic	6.36	2.27	1.40
– Diluted	6.10	2.17	1.36
<i>Weighted average number of shares of common stock outstanding during the year (in thousands):</i>			
– Basic	239,764	237,954	248,526
– Diluted	250,116	248,609	255,050

See accompanying notes to the consolidated financial statements.

NXP Semiconductors N.V.
Consolidated Statements of Comprehensive Income

(\$ in millions, unless otherwise stated)

	<u>For the years ended December 31,</u>		
	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income (loss)	1,599	607	415
Other comprehensive income (loss), net of tax:			
Change in net investment hedge	(190)	(214)	68
Change in fair value cash flow hedges *	—	2	(4)
Change in foreign currency translation adjustment	131	140	(27)
Change in net actuarial gain (loss)	31	(66)	10
Change in net unrealized gains (losses) available-for-sale securities	(1)	1	—
Total other comprehensive income (loss)	(29)	(137)	47
Total comprehensive income (loss)	1,570	470	462
Less: Comprehensive income (loss) attributable to non-controlling interests	73	68	67
Total comprehensive income (loss) attributable to stockholders	1,497	402	395

* Reclassification adjustments included in Cost of revenue in the Consolidated Statements of Operations.

See accompanying notes to the consolidated financial statements.

NXP Semiconductors N.V.
Consolidated Balance Sheets

(\$ in millions, unless otherwise stated)

	<u>As of December 31,</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Current assets:		
Cash and cash equivalents	1,614	1,185
Receivables, net	1,130	593
Assets held for sale	15	—
Inventories, net	1,879	755
Other current assets	174	97
Total current assets	<u>4,812</u>	<u>2,630</u>
Non-current assets:		
Other non-current assets	602	403
Property, plant and equipment, net	2,922	1,123
Identified intangible assets, net	8,790	573
Goodwill	9,228	2,121
Total non-current assets	<u>21,542</u>	<u>4,220</u>
Total assets	<u>26,354</u>	<u>6,850</u>
Liabilities and equity		
Current liabilities:		
Accounts payable	1,014	729
Restructuring liabilities - current	197	37
Accrued liabilities	781	534
Short-term debt	556	20
Total current liabilities	<u>2,548</u>	<u>1,320</u>
Non-current liabilities:		
Long-term debt	8,656	3,936
Restructuring liabilities	43	3
Deferred tax liabilities	2,293	76
Other non-current liabilities	1,011	714
Total non-current liabilities	<u>12,003</u>	<u>4,729</u>
Equity:		
Non-controlling interests	288	263
Stockholders' equity:		
Preferred stock, par value €0.20 per share:		
Authorized: 645,754,500 (2014: 645,754,500 shares)		
Issued: none		
Common stock, par value €0.20 per share:		
Authorized: 430,503,000 shares (2014: 430,503,000 shares)		
Issued and fully paid: 346,002,862 shares (2014: 251,751,500 shares)		
	68	51
Capital in excess of par value	15,150	6,300
Treasury shares, at cost:		
3,998,982 shares (2014: 19,171,454 shares)		
	(342)	(1,219)
Accumulated other comprehensive income (loss)	181	210
Accumulated deficit	(3,542)	(4,804)
Total Stockholders' equity	<u>11,515</u>	<u>538</u>
Total equity	<u>11,803</u>	<u>801</u>
Total liabilities and equity	<u>26,354</u>	<u>6,850</u>

See accompanying notes to the consolidated financial statements.

NXP Semiconductors N.V.
Consolidated Statements of Cash Flows

(\$ in millions, unless otherwise stated)

	For the years ended December 31,		
	2015	2014	2013
<i>Cash flows from operating activities:</i>			
Net income (loss)	1,599	607	415
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	517	405	514
Share-based compensation	216	133	88
Change in fair value of warrant liability	31	2	—
Amortization of discount on debt	39	3	—
Amortization of debt issuance costs	11	13	32
Net (gain) loss on sale of assets	(1,263)	(10)	(2)
(Gain) loss on extinguishment of debt	—	3	114
Results relating to equity-accounted investees	(9)	(8)	(58)
Changes in deferred taxes	(168)	1	(7)
<i>Changes in operating assets and liabilities:</i>			
(Increase) decrease in receivables and other current assets	(78)	(111)	(37)
(Increase) decrease in inventories	82	(42)	(22)
Increase (decrease) in accounts payable and accrued liabilities	127	222	(68)
Decrease (increase) in other non-current assets	30	13	(18)
Exchange differences	193	246	(62)
Other items	3	(9)	2
Net cash provided by (used for) operating activities	1,330	1,468	891
<i>Cash flows from investing activities:</i>			
Purchase of identified intangible assets	(12)	(36)	(35)
Capital expenditures on property, plant and equipment	(341)	(329)	(215)
Proceeds from disposals of property, plant and equipment	7	4	6
Proceeds from disposals of assets held for sale	—	6	—
Purchase of interests in businesses, net of cash acquired	(1,692)	(8)	(1)
Proceeds from sale of interests in businesses, net of cash divested	1,605	1	3
Proceeds from return of equity investment	1	—	4
Other	2	(25)	(2)
Net cash provided by (used for) investing activities	(430)	(387)	(240)
<i>Cash flows from financing activities:</i>			
Net (repayments) borrowings of short-term debt	(2)	(17)	(11)
Amounts drawn under the revolving credit facility	—	800	530
Repayments under the revolving credit facility	—	(950)	(610)
Repurchase of long-term debt	(3,586)	(92)	(2,429)
Principal payments on long-term debt	(32)	(15)	(18)
Proceeds from the issuance of long-term debt	3,680	1,150	2,251
Cash paid for debt issuance costs	(32)	(16)	(23)
Proceeds from the sale of warrants	—	134	—
Cash paid for Notes hedge derivatives	—	(208)	—
Dividends paid to non-controlling interests	(51)	(50)	(48)
Purchase of non-controlling interest shares	—	—	(12)
Cash proceeds from exercise of stock options	51	145	177
Purchase of treasury shares	(475)	(1,435)	(405)
Hold-back payment on prior acquisitions	(2)	—	—
Net cash provided by (used for) financing activities	(449)	(554)	(598)
Effect of changes in exchange rates on cash positions	(22)	(12)	—
Increase (decrease) in cash and cash equivalents	429	515	53
Cash and cash equivalents at beginning of period	1,185	670	617
Cash and cash equivalents at end of period	1,614	1,185	670

See accompanying notes to the consolidated financial statements.

NXP Semiconductors N.V.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2015, 2014 and 2013

(\$ 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 stockholders' equity	Non- controlling interests	Total equity
Balance as of December 31, 2012	249,026	51	6,090	(58)	300	(5,334)	1,049	235	1,284
Net income (loss)						348	348	67	415
Other comprehensive income					47		47		47
Share-based compensation plans			88				88		88
Treasury shares	(11,072)			(405)			(405)		(405)
Shares issued pursuant to stock awards	9,627			296		(119)	177		177
Dividends non-controlling interests								(48)	(48)
Purchase of non-controlling interest shares			(3)				(3)	(9)	(12)
Balance as of December 31, 2013	247,581	51	6,175	(167)	347	(5,105)	1,301	245	1,546
Net income (loss)						539	539	68	607
Other comprehensive income					(137)		(137)		(137)
Share-based compensation plans			125				125		125
Treasury shares	(23,246)			(1,435)			(1,435)		(1,435)
Shares issued pursuant to stock awards	8,245			383		(238)	145		145
Dividends non-controlling interests								(50)	(50)
Balance as of December 31, 2014	232,580	51	6,300	(1,219)	210	(4,804)	538	263	801
Net income (loss)						1,526	1,526	73	1,599
Other comprehensive income					(29)		(29)		(29)
Share-based compensation plans			218				218		218
Treasury shares	(5,336)			(475)			(475)		(475)
Shares issued pursuant to stock awards	5,008			315		(264)	51		51
Issuance of common stock for business combination, net of issuance costs	109,751	17	8,632	1,037			9,686		9,686
Dividends non-controlling interests								(51)	(51)
Changes in participation								3	3
Balance as of December 31, 2015	342,003	68	15,150	(342)	181	(3,542)	11,515	288	11,803

See accompanying notes to the consolidated financial statements.

NXP Semiconductors N.V.
Notes to the Consolidated Financial Statements
All amounts in millions of \$ unless otherwise stated

1 The Company

NXP Semiconductors N.V. (including our subsidiaries, referred to collectively herein as “NXP”, “NXP Semiconductors”, “we”, “our”, “us” and the “Company”) is a global semiconductor company incorporated in the Netherlands as a Dutch public company with limited liability (*naamloze vennootschap*). We provide leading High Performance Mixed Signal and Standard Product solutions that leverage our deep application insight and our technology and manufacturing expertise in radio frequency, analog, power management, interface, security and digital processing products. Our product solutions are used in a wide range of application areas including: automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer, computing and software solutions for mobile phones.

On December 7, 2015 we acquired Freescale Semiconductor, Ltd. (“Freescale”). The results presented in the Consolidated Financial Statements and Notes to the Consolidated Financial Statements include Freescale’s results of operations for the period of December 7, 2015 through December 31, 2015 (the “Post-Merger Period”).

2 Significant Accounting Policies

Basis of presentation

The Consolidated Financial Statements include the accounts of the Company together with its consolidated subsidiaries, including NXP B.V. and all entities in which the Company holds a direct or indirect controlling interest, in such a way that the Company would have the power to direct the activities of the entity that most significantly impact the entity’s economic performance and the obligation to absorb the losses or the right to receive benefits of the entity that could be potentially significant to the Company. Investments in companies in which the Company exercises significant influence but does not control, are accounted for using the equity method. The Company’s share of the net income of these companies is included in results relating to equity-accounted investees in the consolidated statements of operations.

All intercompany balances and transactions have been eliminated in the Consolidated Financial Statements. Net income (loss) includes the portion of the earnings of subsidiaries applicable to non-controlling interests. The income (loss) and equity attributable to non-controlling interests are disclosed separately in the consolidated statements of operations and in the consolidated balance sheets under non-controlling interests.

Certain items previously reported have been reclassified to conform to the current period presentation.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair value measurements

Fair value is the price we would receive to sell an asset or pay to transfer a liability in an orderly transaction with a market participant at the measurement date. In the absence of active markets for an identical asset or liability, we develop assumptions based on market observable data and, in the absence of such data, utilize internal information that we consider to be consistent with what market participants would use in a hypothetical transaction that occurs at the measurement date. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect our market assumptions. Priority is given to observable inputs. These two types of inputs form the basis for the following fair value hierarchy.

- Level 1: Quoted prices for identical assets or liabilities in active markets.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for similar or identical assets or liabilities in markets that are not active; and valuations based on models where the inputs are observable or where the significant value drivers are observable.
- Level 3: Significant inputs to the valuation model are unobservable.

Foreign currencies

The Company uses the U.S. dollar as its reporting currency. The functional currency of the holding company (defined as NXP Semiconductors N.V. and NXP B.V.) is the euro. As a result of the acquisition of Freescale, NXP has concluded that the functional currency of the holding company will become the U.S. dollar from January 1, 2016 forward. For consolidation purposes, the financial statements of the entities within the Company with a functional currency other than the U.S. dollar, are translated into U.S. dollars. Assets and liabilities are translated using the exchange rates on the applicable balance sheet dates. Income and expense items in the statements of operations, statements of comprehensive income and statements of cash flows are translated at monthly exchange rates in the periods involved.

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The effects of translating the financial position and results of operations from functional currencies to reporting currency are recognized in other comprehensive income and presented as a separate component of accumulated other comprehensive income (loss) within stockholder's equity. If the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is recorded under non-controlling interests.

The following table sets out the exchange rates for U.S. dollars into euros applicable for translation of NXP's financial statements for the periods specified.

	\$ per €1			
	period end	average(1)	high	low
2015	1.0915	1.1150	1.0869	1.2155
2014	1.2155	1.3262	1.2155	1.3857
2013	1.3765	1.3285	1.2818	1.3765

(1) The average rates are the average rates based on monthly quotations.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations, except when the foreign exchange exposure is part of a qualifying cash flow or net investment hedge accounting relationship, in which case the related foreign exchange gains and losses are recognized directly in other comprehensive income to the extent that the hedge is effective and presented as a separate component of accumulated other comprehensive income (loss) within stockholders' equity. To the extent that the hedge is ineffective, such differences are recognized in the statement of operations. Currency gains and losses on intercompany loans that have the nature of a permanent investment are recognized as translation differences in other comprehensive income and are presented as a separate component of accumulated other comprehensive income (loss) within equity.

Derivative financial instruments including hedge accounting

The Company uses derivative financial instruments in the management of its foreign currency risks and the input costs of gold for a portion of our anticipated purchases within the next 12 months.

The Company measures all derivative financial instruments based on fair values derived from market prices of the instruments or from option pricing models, as appropriate, and records these as assets or liabilities in the balance sheet. Changes in the fair values are immediately recognized in the statement of operations unless cash flow hedge accounting is applied.

Changes in the fair value of a derivative that is highly effective and designated and qualifies as a cash flow hedge are recorded in accumulated other comprehensive income (loss), until earnings are affected by the variability in cash flows of the designated hedged item. The application of cash flow hedge accounting for foreign currency risks is limited to transactions that represent a substantial currency risk that could materially affect the financial position of the Company.

Foreign currency gains or losses arising from the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognized directly in other comprehensive income, to the extent that the hedge is effective, and are presented as a separate component of accumulated other comprehensive income (loss) within stockholders equity.

To the extent that a hedge is ineffective, the ineffective portion of the fair value change is recognized in the consolidated statement of operations. When the hedged net investment is disposed of, the corresponding amount in the accumulated other comprehensive income is transferred to the statement of operations as part of the profit or loss on disposal.

On initial designation of the hedge relationship between the hedging instrument and hedged item, the Company documents this relationship, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Company makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be "highly effective" in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80-125 percent.

When cash flow hedge accounting is discontinued because it is not probable that a forecasted transaction will occur within a period of two months from the originally forecasted transaction date, the Company continues to carry the derivative on the consolidated balance sheets at its fair value, and gains and losses that were accumulated in other comprehensive income are recognized immediately in earnings. In situations in which hedge accounting is discontinued, the Company continues to carry the derivative at its fair value on the consolidated balance sheets, and recognizes any changes in its fair value in earnings.

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Cash and cash equivalents

Cash and cash equivalents include all cash balances and short-term highly liquid investments with a maturity of three months or less at acquisition that are readily convertible into known amounts of cash. Cash and cash equivalents are stated at face value which approximates fair value.

Receivables

Receivables are carried at amortized cost, net of allowances for doubtful accounts and net of rebates and other contingent discounts granted to distributors. When circumstances indicate a specific customer's ability to meet its financial obligation to us is impaired, we record an allowance against amounts due and value the receivable at the amount reasonably expected to be collected. For all other customers, we evaluate our trade accounts receivable for collectability based on numerous factors including objective evidence about credit-risk concentration, collective debt risk based on average historical losses, and specific circumstances such as serious adverse economic conditions in a specific country or region.

Inventories

Inventories are stated at the lower of cost or market, less advance payments on work in progress. The cost of inventories is determined using the first-in, first-out (FIFO) method. An allowance is made for the estimated losses due to obsolescence. This allowance is determined for groups of products based on purchases in the recent past and/or expected future demand and market conditions. Abnormal amounts of idle facility expense and waste are not capitalized in inventory. The allocation of fixed production overheads to the inventory cost is based on the normal capacity of the production facilities.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Depreciation is calculated using the straight-line method over the expected economic life of the asset. Depreciation of special tooling is also based on the straight-line method unless a depreciation method other than the straight-line method better represents the consumption pattern. Gains and losses on the sale of property, plant and equipment are included in other income and expense. Plant and equipment under capital leases are initially recorded at the lower of the fair value of the leased property or the present value of minimum lease payments. These assets and leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset.

Goodwill

We record goodwill when the purchase price of an acquisition exceeds the fair value of the net tangible and identified intangible assets acquired. We assign the goodwill to our reporting units based on the relative expected fair value provided by the acquisition. We perform an annual impairment assessment in the fourth quarter of each year, or more frequently if indicators of potential impairment exist, which includes evaluating qualitative and quantitative factors to assess the likelihood of an impairment of a reporting unit's goodwill. We perform impairment tests using a fair value approach when necessary. The reporting unit's carrying value used in an impairment test represents the assignment of various assets and liabilities, excluding certain corporate assets and liabilities, such as cash, investments and debt.

Identified intangible assets

Licensed technology and patents are generally amortized on a straight-line basis over the periods of benefit. We amortize all acquisition-related intangible assets that are subject to amortization over their estimated useful life based on economic benefit. Acquisition-related in-process R&D assets represent the fair value of incomplete R&D projects that had not reached technological feasibility as of the date of acquisition; initially, these assets are not subject to amortization. Assets related to projects that have been completed are subject to amortization, while assets related to projects that have been abandoned are impaired and expensed to R&D. In the quarter following the period in which identified intangible assets become fully amortized, we remove the fully amortized balances from the gross asset and accumulated amortization amounts.

We perform a quarterly review of finite-lived identified intangible assets to determine whether facts and circumstances indicate that the useful life is shorter than we had originally estimated or that the carrying amount of assets may not be recoverable. If such facts and circumstances exist, we assess recoverability by comparing the projected undiscounted net cash flows associated with the related asset or group of assets over their remaining lives against their respective carrying amounts. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets. If an asset's useful life is shorter than originally estimated, we accelerate the rate of amortization and amortize the remaining carrying value over the new shorter useful life. We perform an annual impairment assessment in the fourth quarter of each year for indefinite-lived intangible assets, or more frequently if indicators of potential impairment exist, to determine whether it is more likely than not that the carrying value of the assets may not be recoverable. If necessary, a quantitative impairment test is performed to compare the fair value of the indefinite-lived intangible asset with its carrying value. Impairments, if any, are based on the excess of the carrying amount over the fair value of those assets.

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Research and development

Costs of research and development are expensed in the period in which they are incurred, except for in-process research and development assets acquired in business combinations, which are capitalized and, after completion, are amortized over their estimated useful lives.

Advertising

Advertising costs are expensed when incurred.

Debt issuance costs

Direct costs incurred to obtain financings are capitalized and subsequently amortized over the term of the debt using the effective interest rate method. Upon extinguishment of any related debt, any unamortized debt issuance costs are expensed immediately.

Revenue recognition

The Company's revenue is derived from sales to distributors, made-to-order sales to Original Equipment Manufacturers ("OEMs") and similar customers.

Revenue is recognized when persuasive evidence of an arrangement exists, delivery has occurred or the service has been provided, the sales price is fixed or determinable, and collection is reasonably assured, based on the terms and conditions of the sales contract. For made-to-order sales, these criteria are met at the time the product is shipped and delivered to the customer and title and risk have passed to the customer. Acceptance of the product by the customer is generally not contractually required, since, for made-to-order customers, design approval occurs before manufacturing and subsequently delivery follows without further acceptance protocols. Payment terms used are those that are customary in the particular geographic market. When management has established that all aforementioned conditions for revenue recognition have been met and no further post-shipment obligations exist, revenue is recognized.

For sales to distributors, revenue is recognized upon sale to the distributor (sell-in accounting). The same recognition principles apply and similar terms and conditions as for sales to other customers are applied. However, for some distributors contractual arrangements are in place, which allow these distributors to return products if certain conditions are met. These conditions generally relate to the time period during which a return is allowed and reflect customary conditions in the particular geographic market. Other return conditions relate to circumstances arising at the end of a product life cycle, when certain distributors are permitted to return products purchased during a pre-defined period after the Company has announced a product's pending discontinuance. However, long notice periods associated with these announcements prevent significant amounts of product from being returned. Repurchase agreements with OEMs or distributors are not entered into by the Company.

Distributor reserves estimate the impact of credits granted to distributors under certain programs common in the semiconductor industry whereby distributors receive certain price adjustments to meet individual competitive opportunities, or are allowed to return or scrap a limited amount of product in accordance with contractual terms agreed upon with the distributor, or receive price protection credits when our standard published prices are lowered from the price the distributor paid for product still in its inventory. The Company's policy is to use a rolling historical experience rate, as well as a prospective view of products and pricing in the distribution channel for distributors who participate in our volume rebate incentive program, in order to estimate the proper provision for this program at the end of any given reporting period. We continually monitor the actual claimed allowances against our estimates, and we adjust our estimates as appropriate to reflect trends in pricing environments and inventory levels. Distributor reserves are also adjusted when recent historical data does not represent anticipated future activity.

For sales where return rights exist, the Company has determined, based on historical data, that only a very small percentage of the sales of this type to distributors is actually returned. In accordance with this historical data, a pro rata portion of the sales to these distributors is not recognized but deferred until the return period has lapsed or the other return conditions no longer apply.

Revenue is recorded net of sales taxes, customer discounts, rebates and other contingent discounts granted to distributors. We include shipping charges billed to customers in revenue and include the related shipping costs in cost of revenue.

Restructuring

The provision for restructuring relates to the estimated costs of initiated restructurings that have been approved by Management. When such plans require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are recorded at fair value when the liability has been incurred. The Company determines the fair value based on discounted projected cash flows in the absence of other observable inputs such as quoted prices. The restructuring liability includes the estimated cost of termination benefits provided to former or inactive employees after employment but before retirement, costs to terminate leases and other contracts, and selling costs associated with assets held for sale and other costs related to the closure of facilities. One-time employee termination benefits are recognized ratably over the future service period when those employees are required to render services to the Company, if that period exceeds 60 days or a longer legal notification period. However, generally, employee termination benefits are covered by a contract or an ongoing benefit arrangement and are recognized when it is probable that the employees will be entitled to the benefits and the amounts can be reasonably estimated.

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Financial income and expense

Financial income and expense is comprised of interest income on cash and cash equivalent balances, the interest expense on borrowings, the mark-to-market of our warrant liability, foreign exchange results on our U.S. dollar denominated debt that resides in a Euro entity, the accretion of the discount or premium on issued debt, the gain or loss on the disposal of financial assets, impairment losses on financial assets and gains or losses on hedging instruments recognized in the statement of operations. As of January 1, 2016, as a result of the acquisition of Freescale, NXP has concluded that the functional currency of the holding company is USD. Beginning from January 1, 2016, the warrants will now be classified in stockholders' equity, and mark-to-market accounting will no longer be applicable. In addition our U.S. dollar-denominated notes, term loans and New RCF agreements will no longer need to be re-measured.

Borrowing costs that are not directly attributable to the acquisition, construction or production of property, plant and equipment are recognized in the statement of operations using the effective interest method.

Income taxes

Deferred tax assets and liabilities are recognized for the expected tax consequences of temporary differences between the tax basis of assets and liabilities and their reported amounts. Measurement of deferred tax assets and liabilities is based upon the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred tax liabilities for income taxes or withholding taxes on dividends from subsidiaries are recognized in situations where the company does not consider the earnings indefinitely reinvested and to the extent that the withholding taxes are not expected to be refundable.

Deferred tax assets, including assets arising from loss carryforwards, are recognized, net of a valuation allowance, if based upon the available evidence it is more likely than not that the asset will be realized.

The income tax benefit from an uncertain tax position is recognized only if it is more likely than not that the tax position will be sustained upon examination by the relevant taxing authorities. The income tax benefit recognized is measured based on the largest benefit that is more than 50 percent likely to be realized upon resolution of the uncertainty. The liability for unrecognized tax benefits and the related interest and penalties is recorded under accrued liabilities and other non-current liabilities in the balance sheet based on the timing of the expected payment. Penalties are recorded as income tax expense, whereas interest is reported as financial expense in the statement of operations.

Postretirement benefits

The Company's employees participate in pension and other postretirement benefit plans in many countries. The costs of pension and other postretirement benefits and related assets and liabilities with respect to the Company's employees participating in the various plans are based upon actuarial valuations.

Some of the Company's defined-benefit pension plans are funded with plan assets that have been segregated and restricted in a trust, foundation or insurance company to provide for the pension benefits to which the Company has committed itself.

The net liability or asset recognized in the balance sheet in respect of the postretirement plans is the present value of the projected benefit obligation less the fair value of plan assets at the balance sheet date. Most of the Company's plans are unfunded and result in a provision or a net liability.

For the Company's major plans, the discount rate is derived from market yields on high quality corporate bonds. Plans in countries without a deep corporate bond market use a discount rate based on the local government bond rates.

Benefit plan costs primarily represent the increase in the actuarial present value of the obligation for benefits based on employee service during the year and the interest on this obligation in respect of employee service in previous years, net of the expected return on plan assets and net of employee contributions.

Actuarial gains and losses arise mainly from changes in actuarial assumptions and differences between actuarial assumptions and what has actually occurred. They are recognized in the statement of operations, over the expected average remaining service periods of the employees only to the extent that their net cumulative amount exceeds 10% of the greater of the present value of the obligation or of the fair value of plan assets at the end of the previous year (the corridor). Events which invoke a curtailment or a settlement of a benefit plan will be recognized in our statement of operations.

In calculating obligation and expense, the Company is required to select actuarial assumptions. These assumptions include discount rate, expected long-term rate of return on plan assets, assumed health care trend rates and rates of increase in compensation costs determined based on current market conditions, historical information and consultation with and input from our actuaries. Changes in the key assumptions can have a significant impact to the projected benefit obligations, funding requirements and periodic cost incurred.

Unrecognized prior-service costs related to the plans are amortized to the statements of operations over the average remaining service period of the active employees.

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Contributions to defined-contribution and multi-employer pension plans are recognized as an expense in the statements of operations as incurred.

The Company determines the fair value of plan assets based on quoted prices or comparable prices for non-quoted assets. For a defined-benefit pension plan, the benefit obligation is the projected benefit obligation; for any other postretirement defined benefit plan it is the accumulated postretirement benefit obligation.

The Company recognizes as a component of other comprehensive income, net of taxes, the gains or losses and prior service costs that arise during the year but are not recognized as a component of net periodic benefit cost. Amounts recognized in accumulated other comprehensive income, including the gains or losses and the prior services costs are adjusted as they are subsequently recognized as components of net periodic benefit costs.

For all of the Company's postretirement benefit plans, the measurement date is December 31, our year-end.

Share-based compensation

We recognize compensation expense for all share-based awards based on the grant-date estimated fair values, net of an estimated forfeiture rate. We use the Black-Scholes option pricing model to determine the estimated fair value for certain awards. Share-based compensation cost for restricted share units ("RSU"s) with time-based vesting is measured based on the closing fair market value of our common stock on the date of the grant, reduced by the present value of the estimated expected future dividends, and then multiplied by the number of RSUs granted. Share-based compensation cost for performance-based share units ("PSU"s) granted with performance or market conditions is measured using a Monte Carlo simulation model on the date of grant.

The value of the portion of the award that is ultimately expected to vest is recognized as expense ratably over the requisite service periods in our Consolidated Statements of Operations. For stock options and RSUs, the grant-date value, less estimated pre-vest forfeitures, is expensed on a straight-line basis over the vesting period. PSUs are expensed using a graded vesting schedule. The vesting period for stock options is generally four years, for RSUs is generally three years and PSUs is one to three years.

Earnings per share

Basic earnings per share attributable to stockholders is calculated by dividing net income or loss attributable to stockholders of the Company by the weighted average number of common shares outstanding during the period.

To determine diluted share count, we apply the treasury stock method to determine the dilutive effect of outstanding stock option shares, RSUs, PSUs and Employee Stock Purchase Plan ("ESPP") shares. Under the treasury stock method, the amount the employee must pay for exercising share-based awards, the amount of compensation cost for future service that the Company has not yet recognized, and the amount of excess tax benefits that would be recorded in additional paid-in capital when the award becomes deductible are assumed to be used to repurchase shares.

Concentration of risk

Financial instruments, including derivative financial instruments, that may potentially subject NXP to concentrations of credit risk, consist principally of cash and cash equivalents, short-term investments, long-term investments, accounts receivable and forward contracts.

We sell our products to OEMs and to distributors in various markets, who resell these products to OEMs, or their subcontract manufacturers. One of our distributors accounted for 14% of our revenue in 2015, 13% in 2014 and 11% in 2013 and one other distributor accounted for 14% of our revenue in 2015 and 13% in 2014 and less than 10% in 2013. No other distributor accounted for greater than 10% of our revenue for 2015, 2014 or 2013. No individual OEM for which we had direct sales to accounted for more than 10% of our revenue for 2015, 2014 or 2013.

Credit exposure related to NXP's foreign currency forward contracts is limited to the realized and unrealized gains on these contracts.

NXP is party to certain hedge transactions related to its 2019 Cash Convertible Senior Notes. NXP is subject to the risk that the counterparties to these transactions may not be able to fulfill their obligations under these hedge transactions.

NXP purchased options and issued warrants to hedge potential cash payments in excess of the principal and contractual interest related to its 2019 Cash Convertible Senior Notes, which were issued during fiscal 2014. The 2019 Cash Convertible Senior Note hedges and warrants are adjusted to fair value each reporting period and unrealized gains and losses are reflected in NXP's Consolidated Statements of Operations. Because the fair value of the 2019 Cash Convertible Senior Notes embedded conversion derivative and the 2019 Cash Convertible Senior Notes hedges are designed to have similar offsetting values, there was no impact to NXP's Consolidated Statements of Operations relating to these adjustments to fair value, the fair value adjustment for the warrant resulted in an unrealized loss of \$31 million in the Consolidated Statements of Operations.

The Company is using outside suppliers or foundries for a portion of its manufacturing capacity.

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We have operations in Europe and Asia subject to collective bargaining agreements which could pose a risk to the Company in the near term but we do not expect that our operations will be disrupted if such is the case.

Accounting standards adopted in 2015

In April 2014, the FASB issued ASU 2014-08, Presentation of Financial Statements (Topic 205) and Property, Plant, and Equipment (Topic 360): Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which includes amendments that change the requirements for reporting discontinued operations and require additional disclosures about discontinued operations. Under the new guidance, only disposals representing a strategic shift in operations - that is, a major effect on the organization's operations and financial results - should be presented as discontinued operations. Additionally, the ASU requires expanded disclosures about discontinued operations that will provide financial statement users with more information about the assets, liabilities, income, and expenses of discontinued operations. The Company adopted this guidance in the first quarter of 2015. As a result of this guidance the Company anticipates future disposals of businesses which historically would have been classified as discontinued operations will no longer qualify for presentation as discontinued operations in its consolidated financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The new standard requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. In August 2015, the FASB issued ASU No. 2015-15, Interest - Imputation of Interest (Subtopic 835-30): Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-of-Credit Arrangements, which clarified that debt issuance costs related to line-of-credit arrangements can be presented in the balance sheet as an asset and amortized over the term of the line-of-credit arrangement. We adopted these standards as of December 31, 2015 with retroactive application. The adoption of these standards did not have a significant impact on our financial position or results of operations.

New standards to be adopted after 2015

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes all existing revenue recognition requirements, including most industry-specific guidance. The new standard requires a company to recognize revenue when it transfers goods or services to customers in an amount that reflects the consideration that the company expects to receive for those goods or services. In August 2015, the FASB issued ASU No. 2015-14, Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date, which delayed the effective date of the new standard from January 1, 2017 to January 1, 2018. The FASB also agreed to allow entities to choose to adopt the standard as of the original effective date. We are currently evaluating the method of adoption and the potential impact that Topic 606 may have on our financial position and results of operations.

In April 2015, the FASB issued ASU No. 2015-05, Intangibles - Goodwill and Other - Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement. Under this standard, if a cloud computing arrangement includes a software license, the software license element of the arrangement should be accounted for consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the arrangement should be accounted for as a service contract. The new standard will be effective for us on January 1, 2016. The adoption of this standard is not expected to have a significant impact on our financial position or results of operations.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): Simplifying the Measurement of Inventory. The new standard applies only to inventory for which cost is determined by methods other than last-in, first-out and the retail inventory method, which includes inventory that is measured using first-in, first-out or average cost. Inventory within the scope of this standard is required to be measured at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. The new standard will be effective for us on January 1, 2017. The adoption of this standard is not expected to have a significant impact on our financial position or results of operations.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments. The new standard requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined and sets forth new disclosure requirements related to the adjustments. The new standard will be effective for us on January 1, 2016. The adoption of this standard is not expected to have a significant impact on our financial position or results of operations.

In November 2015 the FASB issued ASU 2015-17, Balance Sheet Classification of Deferred Taxes (Topic 740), which changes how deferred taxes are classified on our balance sheets and is effective for financial statements issued for annual periods beginning after December 15, 2016, with early adoption permitted. ASU 2015-17 requires all deferred tax assets and liabilities to be classified as non-current. The Company will adopt this standard as of January 1, 2016 with retrospective application. The adoption of this standard is not expected to have a significant impact on our financial position or results of operations.

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In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities (Subtopic 825-10). The pronouncement requires equity investments (except those accounted for under the equity method of accounting, or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income, requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes, requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset, and eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost. The new standard will be effective for us on January 1, 2018. The expected adoption method of ASU 2016-01 is being evaluated by the Company and the adoption is not expected to have a significant impact on our financial position or results of operations.

3 Acquisitions and Divestments

2015

On December 7, 2015, we acquired Freescale for a purchase price of \$11,639 million. The consolidated financial statements include the results of operations of Freescale as of the acquisition date. Unaudited pro forma results of operations for the Freescale acquisition are presented below. Acquisition related transaction costs (\$42 million) such as legal, accounting and other related expenses were recorded as a component of selling, general and administrative expense in our consolidated statements of operations.

Under the terms of the merger agreement, each holder of Freescale common shares received (i) 0.3521 of an NXP ordinary share and (ii) \$6.25 in cash per such common share.

The total purchase price amounts to \$11,639 million and consisted of the following:

Cash payment of \$6.25 per Freescale common share	1,948
Total value of NXP ordinary shares delivered	9,449
Value of NXP restricted share units delivered to holders of Freescale restricted share units and performance-based restricted share units	157
Value of NXP stock options delivered to holders of Freescale stock options	85
Total purchase price	11,639

The total purchase price has been preliminarily allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values as of the date of the merger, December 7, 2015. The fair value of acquired tangible and identified intangible assets is determined based on inputs that are unobservable and significant to the overall fair value measurement. As such, acquired tangible and identified intangible assets are classified as Level 3 assets. The measurement period remains open pending the completion of valuation procedures related to the acquired assets and assumed liabilities, included the related income tax effects. As we obtain additional information, we may further revise our preliminary purchase price allocation during the remainder of the measurement period (which will not exceed 12 months from the acquisition date). Any such revisions or changes may be material.

The identified intangible assets consist of existing technology and platform technology, In-Process Research & Development (“IPR&D”), order backlog, trade name and customer relationships. The estimated useful lives range between one year and nineteen years.

The preliminary allocation of the purchase price is as follows:

Total purchase price	11,639
Estimated fair value of net tangible assets acquired and liabilities assumed:	
Cash and cash equivalents	427
Accounts receivable, net	511
Inventories, net	1,285
Other current assets	93
Property, plant and equipment	1,827
Other non-current assets	64
Accounts payable, accrued liabilities and other current liabilities	(711)
Deferred taxes	(2,325)
Other long-term liabilities	(329)
Long-term debt	(5,091)
	(4,249)

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Estimated fair value (and estimated useful lives) of identified intangible assets acquired:

Customer relationships (included in customer-related) (19 years)	764
Developed technology (included in technology-based) (5 years)	5,371
Sales order backlog (included in marketing-related) (1 year)	190
Trade name (included in marketing-related) (5 years)	81
In-process research and development*	2,017
Other	41
	<u>8,464</u>
Estimated goodwill	7,424

* Acquired in-process research and development (“IPR&D”) is an intangible asset classified as an indefinite lived asset until the completion or abandonment of the associated research and development effort. IPR&D will be amortized over an estimated useful life to be determined at the date the associated research and development effort is completed, or expensed immediately when, and if, the project is abandoned. Acquired IPR&D is not amortized during the period that it is considered indefinite lived, but rather is subject to annual testing for impairment or when there are indicators for impairment.

Goodwill is primarily attributable to the anticipated synergies and economies of scale expected from the operations of the combined company and to the assembled workforce of Freescale. All of the goodwill has been allocated to NXP’s HPMS segment.

Goodwill is not deductible for income tax purposes.

Pro forma financial information (unaudited)

The following unaudited pro forma financial information presents combined consolidated results of operations for each of the fiscal years presented, as if Freescale had been acquired as of January 1, 2014:

	<u>2015</u>	<u>2014</u>
Revenue	9,850	9,904
Net income (loss) attributable to stockholders	(84)	(277)
Net income (loss) per common share attributable to stockholders:		
- Basic	(0.25)	(0.81)
- Diluted	(0.25)	(0.81)

The pro forma information excludes results of operations of NXP’s RF Power business and includes adjustments to amortization and depreciation for identified intangible assets and property, plant and equipment acquired, adjustments to share-based compensation expense and interest expense for the additional indebtedness incurred to complete the acquisition. The pro forma results have been prepared for comparative purposes only and do not purport to be indicative of the revenue or operating results that would have been achieved had the acquisition actually taken place as of January 1, 2014 or of the results of future operations of the combined business. In addition, these results are not intended to be a projection of future results and do not reflect synergies that might be achieved from the combined operations.

Other acquisitions

In addition to the above mentioned acquisition of Freescale, we completed two other acquisitions qualifying as business combinations: the acquisition of Quintic’s Bluetooth Low Energy (“BTLE”) and Wearable businesses, located in China and the USA, and the acquisition of Athena SCS Ltd. (“Athena”), located in the United Kingdom. Both acquisitions were not significant to our consolidated results of operations.

The aggregate purchase price consideration of \$102 million was allocated to goodwill (\$40 million), other intangible assets (\$68 million) and net liabilities assumed (\$6 million). The other intangible assets relate to core technology (\$29 million) with an amortization period varying up to 14 years, existing technology, (\$17 million) with an amortization period varying up to 5 years and in-process R&D (\$22 million).

The results of BTLE are consolidated in the Secure Connected Devices business line. The results of Athena are consolidated in the Secure Identification Solutions business line. Both business lines are part of the reportable segment HPMS.

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Divestments

In February 2015, we announced the establishment of a 49% owned joint venture (JV) with JianGuang Asset Management Co., Ltd. (JAC Capital) in China to combine NXP's advanced technology from its Bipolar Power business line with JAC Capital's connections in the Chinese manufacturing network and distribution channels. This transaction closed on November 9, 2015. The results of the Bipolar Power business were consolidated in the reportable segment SP.

In May 2015, we announced an agreement with JianGuang Asset Management Co., Ltd. (JAC Capital) in China to sell NXP's RF Power Business. This transaction closed on December 7, 2015. The results of the RF Power business were consolidated in the reportable segment HPMS.

The gain on the sale of these businesses of \$1,257 million is included in other income (expense).

2014 and 2013

There were no significant acquisitions or divestments in 2014 and 2013.

4 Supplemental Financial Information

Statement of Operations Information

Depreciation, amortization and impairment

Depreciation and amortization, including impairment charges, are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Depreciation of property, plant and equipment	262	219	246
Amortization of internal use software	26	31	32
Amortization of other identified intangible assets	229	155	236
	<u>517</u>	<u>405</u>	<u>514</u>

Depreciation of property, plant and equipment is primarily included in cost of revenue.

Change in accounting estimate

In December 2013, we determined that the estimated useful life of the machinery and equipment used in our Standard Products front-end and back-end manufacturing processes had increased to ten years, from the five to seven years previously estimated.

We believe that the change in estimated useful life better reflects the future usage of this equipment. The effect of this change was recognized prospectively as a change in accounting estimate beginning January 1, 2014. The change in estimate resulted in a decrease in depreciation expense of approximately \$26 million for the year ending December 31, 2014.

Other income (expense)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Result on disposal of businesses	1,257	6	—
Result on disposal of properties	6	3	2
Other income (expense)	—	1	7
	<u>1,263</u>	<u>10</u>	<u>9</u>

Financial income (expense)

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Interest income	6	3	3
Interest expense	(227)	(158)	(214)
Total interest expense, net	(221)	(155)	(211)
Net gain (loss) on extinguishment of debt	—	(3)	(114)
Foreign exchange rate results	(193)	(246)	62
Change in fair value of the warrant liability	(31)	(2)	—
Miscellaneous financing costs/income, net	(84)	(4)	(11)
Total other financial income (expense)	(308)	(255)	(63)
Total	(529)	(410)	(274)

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The Company has applied net investment hedging since May, 2011. The U.S. dollar exposure of the net investment in U.S. dollar functional currency subsidiaries of \$1.7 billion has been hedged by certain U.S. dollar-denominated notes. As a result in 2015 a charge of \$190 million (2014: a charge of \$214 million; 2013: a benefit of \$68 million) was recorded in other comprehensive income (loss) relating to the foreign currency result on the U.S. dollar-denominated notes that are recorded in a euro functional currency entity.

Equity- accounted investees

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Company's share in income (loss)	8	8	7
Other results	1	—	51
	<u>9</u>	<u>8</u>	<u>58</u>

Other results relating to equity-accounted investees amounted to a gain of \$51 million in 2013. The gain in 2013 primarily reflects a \$46 million release of the contingent liability related to an arbitration commenced by STMicroelectronics ("ST"). By ruling of April 2, 2013, the ICC arbitration tribunal dismissed all claims made by ST in this arbitration. No appeal is available to ST. Based on this award, the provision amounting to \$46 million, established in 2012, was released.

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

	<u>2015</u>		<u>2014</u>	
	<u>Shareholding %</u>	<u>Amount</u>	<u>Shareholding %</u>	<u>Amount</u>
ASMC	27	21	27	20
ASEN	40	46	40	40
WeEn	49	59	—	—
Others		15		11
		<u>141</u>		<u>71</u>

Investments in equity-accounted investees are included in Corporate and Other.

The fair value of NXP's shareholding in the publicly listed company ASMC based on the quoted market price at December 31, 2015 is \$48 million.

Cash Flow Information

	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Net cash paid during the period for:</i>			
Interest	172	138	174
Income taxes	40	24	34
<i>Net gain (loss) on sale of assets:</i>			
Cash proceeds from the sale of assets	1,612	11	6
Book value of these assets	(349)	(10)	(4)
Non-cash gains (losses)	—	9	—
	<u>1,263</u>	<u>10</u>	<u>2</u>
<i>Non-cash investing and financing information:</i>			
Assets received in lieu of cash from the sale of businesses:			
Fair value of available-for-sale securities	—	9	—
Issuance of common stock for business combinations	9,686	—	—
Exchange of Term Loan A1 for Term Loan E	—	400	—
Exchange of Term Loan C for Term Loan D	—	—	400

Cash flows from financing activities in 2013 included \$12 million in connection with the acquisition of the remaining 40% non-controlling interest share from Jilin Sino-Microelectronics Co. Ltd.

5 Restructuring Charges

At each reporting date, we evaluate our restructuring liabilities, which consist primarily of termination benefits, to ensure that our accruals are still appropriate. In December 2015, we began the implementation of the planned restructuring and cost reduction activities in connection with the acquisition of Freescale. We recognized \$216 million of employee severance costs and \$23 million of other exit costs related to this plan in 2015.

There were no material new restructuring projects in 2014 and 2013

The following table presents the changes in the position of restructuring liabilities in 2015 by segment:

	<u>Balance January 1, 2015</u>	<u>Additions</u>	<u>Utilized</u>	<u>Released</u>	<u>Other changes(1)</u>	<u>Balance December 31, 2015</u>
HPMS	14	226	(17)	(1)	12	234
SP	5	8	(6)	—	(1)	6
Corporate and Other	21	5	(23)	(1)	(2)	—
	<u>40</u>	<u>239</u>	<u>(46)</u>	<u>(2)</u>	<u>9</u>	<u>240</u>

(1) Other changes primarily related to translation differences and internal transfers

The total restructuring liability as of December 31, 2015 of \$240 million is classified in the balance sheet under current liabilities (\$197 million) and non-current liabilities (\$43 million).

The utilization of the restructuring liabilities mainly reflects the execution of ongoing restructuring programs the Company initiated in earlier years.

The following table presents the changes in the position of restructuring liabilities in 2014 by segment:

	<u>Balance January 1, 2014</u>	<u>Additions</u>	<u>Utilized</u>	<u>Released</u>	<u>Other changes(1)</u>	<u>Balance December 31, 2014</u>
HPMS	46	6	(29)	(4)	(5)	14
SP	31	14	(35)	(4)	(1)	5
Corporate and Other	40	24	(34)	(8)	(1)	21
	<u>117</u>	<u>44</u>	<u>(98)</u>	<u>(16)</u>	<u>(7)</u>	<u>40</u>

(1) Other changes primarily related to translation differences and internal transfers

The total restructuring liability as of December 31, 2014 of \$40 million is classified in the balance sheet under current liabilities (\$37 million) and non-current liabilities (\$3 million).

In 2014 the Company recorded \$44 million of additional restructuring liabilities which largely consisted of workforce reduction charges as a result of redundancy at our ICN 8 wafer fab in Nijmegen (\$16 million) and our wafer fab in Hamburg (\$5 million), workforce reduction charges of \$4 million from the closure of the product line Standard Linear in Hamburg and \$4 million from the transfer of R&D activities of Smart Analog from Nijmegen to other locations.

Releases of restructuring liabilities of \$16 million were recorded in 2014. These releases related mainly to the earlier OPEX reduction program and the workforce reduction actions we took in 2014.

The utilization of the restructuring liabilities mainly reflects the execution of ongoing restructuring programs the Company initiated in earlier years.

The components of restructuring charges less releases recorded in the liabilities in 2015, 2014 and 2013 are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Personnel lay-off costs	239	43	10
Other exit costs	27	1	17
Release of provisions/accruals	(2)	(16)	(21)
Net restructuring charges	<u>264</u>	<u>28</u>	<u>6</u>

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The restructuring charges less releases recorded in operating income are included in the following line items in the statement of operations:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cost of revenue	18	16	—
Selling, general and administrative	155	3	7
Research & development	91	9	(1)
Net restructuring charges	264	28	6

6 Provision for Income Taxes

In 2015, NXP generated income before income taxes of \$1,486 million (2014: \$639 million; 2013: \$377 million). The components of income (loss) before income taxes are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Netherlands	1,528	398	205
Foreign	(42)	241	172
	1,486	639	377

The components of the benefit (provision) for income taxes are as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current taxes:			
Netherlands	(13)	(7)	(10)
Foreign	(51)	(32)	(17)
	(64)	(39)	(27)
Deferred taxes:			
Netherlands	(4)	2	1
Foreign	172	(3)	6
	168	(1)	7
Total benefit (provision) for income taxes	104	(40)	(20)

A reconciliation of the statutory income tax rate in the Netherlands as a percentage of income (loss) before income taxes and the effective income tax rate is as follows:

(in percentages)	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutory income tax in the Netherlands	25.0	25.0	25.0
Increase (reduction) in rate resulting from:			
Rate differential local statutory rates versus statutory rate of the Netherlands	(4.3)	(2.5)	(3.4)
Net change in valuation allowance	(13.8)	2.4	5.3
Prior year adjustments	—	0.5	(0.8)
Non-taxable income	(0.1)	(0.3)	(1.1)
Non-deductible expenses/losses	4.0	5.6	6.6
Sale of non-deductible goodwill	2.7	—	—
Other taxes and tax rate changes	1.0	—	2.3
Tax effects of remitted and unremitted earnings and withholding taxes	0.1	1.3	0.8
Unrecognized tax benefits	0.1	0.6	0.8
Netherlands tax incentives – Innovation box and RDA	(18.5)	(21.5)	(23.6)
Foreign tax incentives	(3.2)	(4.8)	(6.6)
Effective tax rate	(7.0%)	6.3%	5.3%

The Company benefits from income tax holiday 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 2021. The impact of this tax holiday decreased foreign taxes by \$29 million and \$28 million for 2015 and 2014, respectively. The benefit of this tax holiday on net income per share (diluted) was \$0.11 (2014: \$0.11).

Deferred tax assets and liabilities

The principal components of deferred tax assets and liabilities are presented below:

	2015		2014	
	Assets	Liabilities	Assets	Liabilities
Intangible assets (including purchase accounting basis difference)	85	(3,037)	2	(120)
Property, plant and equipment (including purchase accounting basis difference)	148	(374)	19	(35)
Inventories (including purchase accounting basis difference)	49	(158)	2	—
Receivables	16	(5)	—	—
Other assets	9	—	1	(1)
Liabilities:				
Pensions	88	(1)	51	—
Restructuring	61	—	6	—
Accrued interest	545	—	—	—
Stock based compensation and other	222	(2)	25	—
Long-term debt	179	—	—	—
Undistributed earnings of foreign subsidiaries	—	(359)	—	(31)
Operating loss and tax credit carryforwards	963	—	659	—
Total gross deferred tax assets (liabilities)	2,365	(3,936)	765	(187)
Net deferred tax position	(1,571)		578	
Valuation allowances	(632)		(627)	
Net deferred tax assets (liabilities)	(2,203)		(49)	

The classification of the deferred tax assets and liabilities in the Company's consolidated balance sheets is as follows:

	2015	2014
Deferred tax assets within other current assets	26	8
Deferred tax assets within other non-current assets	69	19
Deferred tax liabilities within accrued liabilities	(5)	—
Deferred tax liabilities within non-current liabilities	(2,293)	(76)
	(2,203)	(49)

The Company has significant deferred tax assets resulting from net operating loss carryforwards, tax credit carryforwards and deductible temporary differences that may reduce taxable income in future periods. Valuation allowances have been established for deferred tax assets based on a "more likely than not" threshold. The realization of our deferred tax assets depends on our ability to generate sufficient taxable income within the carryback or carryforward periods provided for in the tax law for each applicable tax jurisdiction. The valuation allowance increased by \$5 million during 2015 (2014: \$20 million increase), the main change in the valuation allowance during 2015 was driven by an increase of \$135 million due to the acquisition of Freescale, an increase of \$92 million due to a settlement of unrecognized tax benefits relating to prior periods which had a corresponding impact on the valuation allowance, offset by a reduction of \$239 million mainly due to utilization of losses in the period which includes losses used against the gain of the sale of RF Power, and other net increases of \$17 million. When the Company's operating performance improves on a sustained basis, our conclusion regarding the need for such valuation allowance could change.

Subsequently recognized tax benefits related to the valuation allowance for deferred tax assets as of December 31, 2015, will be allocated as follows: \$625 million of income tax benefit that would be reported in the consolidated statement of comprehensive income, \$7 million to additional paid-in capital.

After the recognition of the valuation allowance against deferred tax assets, a net deferred tax liability of \$2,203 million remains at December 31, 2015 (2014: \$49 million). The net deferred tax liability is the result of (a) the impact of purchase accounting related to the acquisition of Freescale, see note 3, "Acquisitions and Divestments", (b) deferred tax liabilities related to profitable entities, (c) deferred tax liabilities for withholding taxes on undistributed earnings of foreign subsidiaries and (d) certain taxable temporary differences reversing outside the tax loss carryforward periods.

At December 31, 2015 tax loss carryforwards of \$1,130 million will expire as follows:

	Balance December 31, 2015	Scheduled expiration							
		2016	2017	2018	2019	2020	2021-2025	later	unlimited
Tax loss carryforwards	1,130	19	35	12	23	12	116	266	647

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The Company also has tax credit carryforwards of \$795 million (excluding the effect of unrecognized tax benefits), which are available to offset future tax, if any, and which will expire as follows:

	Balance December 31, 2015	Scheduled expiration							
		2016	2017	2018	2019	2020	2021-2025	later	unlimited
Tax credit carryforwards	795	—	39	31	13	32	328	276	76

The net income tax payable (excluding the liability for unrecognized tax benefits) as of December 31, 2015 amounted to \$26 million (2014: \$9 million) and includes amounts directly payable to or receivable from tax authorities.

The Company intends to repatriate the undistributed earnings of subsidiaries. Consequently, the Company has recognized a deferred income tax liability of \$359 million at December 31, 2015 (2014: \$31 million) for the additional income taxes and withholding taxes payable upon the future remittances of these earnings of foreign subsidiaries.

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

	2015	2014	2013
Balance as of January 1,	125	143	139
Assumed in the acquisition of Freescale	121	—	—
Increases from tax positions taken during prior periods	1	—	1
Decreases from tax positions taken during prior periods	(111)	(21)	(4)
Increases from tax positions taken during current period	15	3	7
Decreases relating to settlements with the tax authorities	(2)	—	—
Balance as of December 31,	149	125	143

Of the total unrecognized tax benefits at December 31, 2015, \$126 million, if recognized, would impact the effective tax rate. All other unrecognized tax benefits, if recognized, would not affect the effective tax rate as these would be offset by compensating adjustments in the Company's deferred tax assets that would be subject to valuation allowance based on conditions existing at the reporting date.

The Company classifies interest related to unrecognized tax benefits as financial expense and penalties as income tax expense. The total related interest and penalties recorded during the year 2015 amounted to \$7 million (2014: \$3 million; 2013: \$1 million). As of December 31, 2015 the Company has recognized a liability for related interest and penalties of \$14 million (2014: \$7 million; 2013: \$4 million). It is reasonably possible that the total amount of unrecognized tax benefits may significantly increase/decrease within the next 12 months of the reporting date due to, for example, completion of tax examinations; however, an estimate of the range of reasonably possible change cannot be made.

Tax years that remain subject to examination by major tax jurisdictions (the Netherlands, Germany, France, USA, China, Taiwan, Japan, Thailand, Malaysia, the Philippines and India) are 2004 through 2015.

7 Earnings per Share

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net income (loss)	1,599	607	415
Less: Net income (loss) attributable to non-controlling interests	73	68	67
Net income (loss) attributable to stockholders	1,526	539	348
Weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands)	239,764	237,954	248,526
Plus incremental shares from assumed conversion of:			
Options ¹⁾	6,194	6,753	5,004
Restricted Share Units, Performance Share Units and Equity Rights ²⁾	4,158	3,902	1,520
Warrants ³⁾	—	—	—
Dilutive potential common share	10,352	10,655	6,524
Adjusted weighted average number of shares outstanding (after deduction of treasury shares) during the year (in thousands) ¹⁾	250,116	248,609	255,050
EPS attributable to stockholders in \$:			
Basic net income (loss)	6.36	2.27	1.40
Diluted net income (loss)	6.10	2.17	1.36

- 1) Stock options to purchase up to 0.7 million shares of NXP's common stock that were outstanding in 2015 (2014: 0.5 million shares; 2013: 5.0 million shares) 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.
- 2) Unvested RSU's, PSU's and equity rights of 0.5 million shares that were outstanding in 2015 (2014: 1.2 million shares; 2013: 5.6 million shares) 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 RSU's, PSU's and equity rights.
- 3) A warrant to purchase up to approximately 11.2 million shares of NXP's common stock at a price of \$133.32 per share was outstanding in 2015 (2014 and 2013: nil). Upon exercise, the warrant will be net share settled. At the end of 2015, the warrant was not included in the computation of diluted EPS because the warrant's exercise price was greater than the average fair market value of the common shares.

8 Share-based Compensation

Share-based compensation expense is included in the following line items in our statement of operations:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Cost of revenue	15	10	8
Research and development	45	20	13
Selling, general and administrative	156	103	67
	216	133	88

Long Term Incentive Plans (LTIP's)

The LTIP was introduced in 2010 and is a broad-based long-term retention program to attract, retain and motivate talented employees as well as align stockholder and employee interests. The LTIP provides share-based compensation ("awards") to both our eligible employees and non-employee directors. Awards that may be granted include performance shares, stock options and restricted shares. The number of shares authorized and available for awards at December 31, 2015 was approximately 1.7 million.

A charge of \$206 million was recorded in 2015 for the LTIP (2014: \$123 million; 2013: \$87 million).

A summary of the activity for our LTIP's during 2015 is presented below.

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Stock options

The options have a strike price equal to the closing share price on the grant date. The fair value of the options has been calculated using the Black-Scholes formula, using the following assumptions:

- an expected life of 6.25 years, calculated in accordance with the guidance provided in SEC Staff bulletin No. 110 for plain vanilla options using the simplified method, since our equity shares have been publicly traded for only a limited period of time and we do not have sufficient historical exercise data;
- a risk-free interest rate varying from 0.8% to 2.8% (2014: 0.8% to 2.8%; 2013: 1.0% to 1.9%);
- no expected dividend payments; and
- a volatility of 40-50% based on the volatility of a set of peer companies. Peer company data has been used given the short period of time our shares have been publicly traded.

Changes in the assumptions can materially affect the fair value estimate.

	<u>Stock options</u>	<u>Weighted average exercise price in USD</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value</u>
Outstanding at January 1, 2015	7,948,270	28.66		
Granted	1,262,257	78.10		
Assumed in Freescale acquisition	2,871,861	38.29		
Exercised	1,681,024	23.03		
Forfeited	366,714	29.80		
Outstanding at December 31, 2015	10,034,650	38.53	6.7	437
Exercisable at December 31, 2015	5,096,894	26.24	5.9	295

The weighted average per share grant date fair value of stock options granted in 2015 was \$34.05 (2014: \$29.10; 2013: \$17.83).

The intrinsic value of the exercised options was \$112 million (2014: \$129 million; 2013: \$41 million), whereas the amount received by NXP was \$39 million (2014: \$55 million; 2013: \$34 million).

At December 31, 2015, there was a total of \$110 million (2014: \$62 million) of unrecognized compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted-average period of 1.8 years (2014: 1.8 years).

Performance share units

Financial performance conditions

	<u>Shares</u>	<u>Weighted average grant date fair value in USD</u>
Outstanding at January 1, 2015	1,323,294	33.09
Granted	225,831	75.28
Vested	717,146	28.41
Forfeited	56,655	33.36
Outstanding at December 31, 2015	775,324	49.68

The weighted average grant date fair value of performance share units granted in 2015 was \$75.28 (2014: \$62.29; 2013: \$39.59).

Market performance conditions

	<u>Shares</u>	<u>Weighted average grant date fair value in USD</u>
Outstanding at January 1, 2015	1,951,049	23.27
Granted	21,720	64.28
Vested	—	—
Forfeited	67,500	15.25
Outstanding at December 31, 2015	1,905,269	26.85

The weighted average grant date fair value of performance share units granted in 2015 was \$64.28 (2014: \$39.29; 2013: \$17.54).

The fair value of the performance share units at the time of vesting was \$66 million (2014: \$70 million; 2013: \$27 million). At December 31, 2015, there was a total of \$32 million (2014: \$42 million) of unrecognized compensation cost related to non-vested performance share units. This cost is expected to be recognized over a weighted-average period of 1.9 years (2014: 1.8 years).

[Table of Contents](#)**Restricted share units**

	<u>Shares</u>	<u>Weighted average grant date fair value in USD</u>
Outstanding at January 1, 2015	3,557,737	47.86
Granted	2,253,263	79.22
Assumed in Freescale acquisition	4,924,043	86.09
Vested	2,247,072	53.56
Forfeited	250,110	48.98
Outstanding at December 31, 2015	8,237,861	78.03

The weighted average grant date fair value of restricted share units granted in 2015 was \$79.22 (2014: \$63.42; 2013: \$39.23). The fair value of the restricted share units at the time of vesting was \$209 million (2014: \$110 million; 2013: \$57 million).

At December 31, 2015, there was a total of \$432 million (2014: \$140 million) of unrecognized compensation cost related to non-vested restricted share units. This cost is expected to be recognized over a weighted-average period of 1.6 years (2014: 1.8 years).

Management Equity Stock Option Plan ("MEP")

Awards are no longer available under these plans. Current employees owning vested MEP Options may exercise such MEP Options during the five year period subsequent to September 18, 2013, subject to these employees remaining employed by us and subject to the applicable laws and regulations.

No charge was recorded in 2015 (2014: no charge, 2013: \$1 million) for options granted under the MEP.

The following table summarizes the information about NXP's outstanding MEP Options and changes during 2015.

Stock options

	<u>Stock options</u>	<u>Weighted average exercise price in EUR</u>	<u>Weighted average remaining contractual term</u>	<u>Aggregate intrinsic value</u>
Outstanding at January 1, 2015	2,916,205	24.14		
Granted	—	—		
Exercised	167,263	21.80		
Forfeited	—	—		
Expired	—	—		
Outstanding at December 31, 2015	2,748,942	24.14	2.7	146
Exercisable at December 31, 2015	2,748,942	24.14	2.7	146

The intrinsic value of exercised options was \$12 million (2014: \$74 million; 2013: \$71 million), whereas the amount received by NXP was \$4 million (2014: \$86 million; 2013: \$142 million).

The number of vested options at December 31, 2015 was 2,748,942 (2014: 2,916,205 vested options) with a weighted average exercise price of €24.14 (2014: €24.00 weighted average exercise price).

At December 31, 2015, there was no unrecognized compensation cost related to non-vested stock options.

9 Receivables, net

Accounts receivable are summarized as follows:

	<u>2015</u>	<u>2014</u>
Accounts receivable from third parties	1,058	549
Allowance for doubtful accounts	(1)	(3)
Other receivables	73	47
	1,130	593

The current portion of income taxes receivable of \$6 million (2014: \$2 million) is included under other receivables.

See note 3 for further information regarding the acquisition of Freescale.

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10 Inventories, net

Inventories are summarized as follows:

	<u>2015</u>	<u>2014</u>
Raw materials	66	50
Work in process	1,376	580
Finished goods	437	125
	1,879	755

The portion of the finished goods stored at customer locations under consignment amounted to \$69 million as of December 31, 2015 (2014: \$19 million).

The amounts recorded above are net of an allowance for obsolescence of \$84 million as of December 31, 2015 (2014: \$64 million).

See note 3 for further information regarding the acquisition of Freescale.

11 Property, Plant and Equipment, net

The following table presents details of the Company's property, plant and equipment, net of accumulated depreciation:

	<u>Useful Life (in years)</u>	<u>2015</u>	<u>2014</u>
Land		160	56
Buildings	9 to 50	854	686
Machinery and installations	2 to 10	4,156	2,549
Other Equipment	1 to 5	227	249
Prepayments and construction in progress		108	143
		5,505	3,683
Less accumulated depreciation		(2,583)	(2,560)
Property, plant and equipment, net of accumulated depreciation		2,922	1,123

Land with a book value of \$160 million (2014: \$56 million) is not depreciated.

Property and equipment includes \$14 million (2014: \$15 million) related to assets acquired under capital leases. Accumulated depreciation related to these assets was \$12 million (2014: \$12 million). See note 16 for information regarding capital lease obligations.

There was no significant construction in progress and therefore no related capitalized interest.

See note 3 for further information regarding the acquisition of Freescale.

12 Identified Intangible Assets

The changes in identified intangible assets were as follows:

	<u>Total</u>	<u>Other intangible assets</u>	<u>Software</u>
<i>Balance as of January 1, 2014:</i>			
Cost	2,697	2,560	137
Accumulated amortization/impairment	<u>(1,942)</u>	<u>(1,848)</u>	<u>(94)</u>
Book value	755	712	43
<i>Changes in book value:</i>			
Acquisitions/additions	58		58
Amortization and write-downs	(186)	(155)	(31)
Translation differences	(54)	(49)	(5)
Total changes	<u>(182)</u>	<u>(204)</u>	<u>22</u>
<i>Balance as of December 31, 2014:</i>			
Cost	1,866	1,715	151
Accumulated amortization/impairment	<u>(1,293)</u>	<u>(1,207)</u>	<u>(86)</u>
Book value	573	508	65
<i>Changes in book value:</i>			
Acquisitions/additions	8,551	8,543	8
Transfer to assets held for sale	(38)	(38)	—
Amortization and write-downs	(255)	(229)	(26)
Translation differences	(41)	(35)	(6)
Total changes	<u>8,217</u>	<u>8,241</u>	<u>(24)</u>
<i>Balance as of December 31, 2015:</i>			
Cost	9,978	9,832	146
Accumulated amortization/impairment	<u>(1,188)</u>	<u>(1,083)</u>	<u>(105)</u>
Book value	8,790	8,749	41

Identified intangible assets as of December 31, 2015 and 2014 respectively were composed of the following:

	<u>December 31, 2015</u>		<u>December 31, 2014</u>	
	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>	<u>Gross carrying amount</u>	<u>Accumulated amortization</u>
IPR&D ¹⁾	2,016	—	—	—
Marketing-related	119	(18)	17	(16)
Customer-related	1,287	(224)	400	(223)
Technology-based	<u>6,410</u>	<u>(841)</u>	1,298	(968)
	9,832	(1,083)	1,715	(1,207)
Software ²⁾	<u>146</u>	<u>(105)</u>	151	(86)
Identified intangible assets	9,978	(1,188)	1,866	(1,293)

- IPR&D is not subject to amortization until completion or abandonment of the associated research and development effort. The IPR&D acquired in the acquisition of Freescale encompasses a broad technology portfolio of product innovations. As of December 31, 2015 we are still obtaining information relative to the percent complete and remaining costs to complete for each project.
- Software includes \$26 million (2014: \$49 million) related to assets acquired under non-cancellable software licenses. The financial obligations from these contractor agreements are reflected in capital leases debt. Future payments are \$14 million (2016) and \$12 million (2017).

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

2016	1,436
2017	1,490
2018	1,482
2019	1,424
2020	1,174

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

The expected weighted average remaining life of identified intangibles is 7 years as of December 31, 2015.

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The estimated amortization expense for software as of December 31, 2015 for each of the five succeeding years is:

2016	23
2017	16
2018	2
2019	—
2020	—

The expected weighted average remaining lifetime of software is 3 years as of December 31, 2015.

See note 3 for further information regarding the acquisition of Freescale.

13 Goodwill

The changes in goodwill in 2015 and 2014 were as follows:

	<u>2015</u>	<u>2014</u>
Balances as of January 1		
Cost	2,328	2,593
Accumulated impairment	<u>(207)</u>	<u>(235)</u>
Book value	2,121	2,358
Changes in book value:		
Acquisitions	7,464	—
Transfer to assets held for sale	(179)	—
Translation differences	<u>(178)</u>	<u>(237)</u>
Total changes	7,107	(237)
Balances as of December 31		
Cost	9,414	2,328
Accumulated impairment	<u>(186)</u>	<u>(207)</u>
Book value	9,228	2,121

No goodwill impairment charges were required to be recognized in 2015 or 2014.

In 2015, goodwill includes the acquisitions of Freescale, Quintic's Bluetooth Low Energy and Wearable businesses and Athena SCS Ltd.

Transfer to assets held for sale in 2015 includes our RF Power Business and Bipolar Power business, which were subsequently divested.

The fair value of the reporting units substantially exceeds the carrying value of the reporting units.

See note 22, "Segment and Geographical Information", for goodwill by segment and note 3, "Acquisitions and Divestments".

14 Postretirement Benefit Plans

Pensions

Our employees participate in employee pension plans in accordance with the legal requirements, customs and the local situation in the respective countries. These are defined-benefit pension plans, defined-contribution plans and multi-employer plans.

The Company's employees in The Netherlands participate in a multi-employer plan, implemented for the employees of the Metal and Electrical Engineering Industry ("Bedrijfstakpensioenfonds Metalektro or PME") in accordance with the mandatory affiliation to PME effective for the industry in which NXP operates. As this affiliation is a legal requirement for the Metal and Electrical Engineering Industry it has no expiration date. This PME multi-employer plan (a career average plan) covers approximately 1,300 companies and 624,000 participants. The plan monitors its risk on an aggregate basis, not by company or participant and can therefore not be accounted for as a defined benefit plan. The pension fund rules state that the only obligation for affiliated companies will be to pay the annual plan contributions. There is no obligation for affiliated companies to fund plan deficits. Affiliated companies are also not entitled to any possible surpluses in the pension fund.

Every participating company contributes the same fixed percentage of its total pension base, being pensionable salary minus an individual offset. The Company's pension cost for any period is the amount of contributions due for that period.

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The contribution rate for the mandatory scheme will decrease from 26.6% (2015) to 26.1% (2016).

PME multi-employer plan	2015	2014	2013
NXP's contributions to the plan	37	48	51
(including employees' contributions)	4	4	3
Average number of NXP's active employees participating in the plan	2,668	2,881	3,133
NXP's contribution to the plan exceeded more than 5 percent of the total contribution (as of December 31 of the plan's year end)	No	No	No

The amount for pension costs included in the statement of operations for the year 2015 was \$69 million (2014: \$77 million; 2013: \$86 million) of which \$21 million (2014: \$21 million; 2013: \$20 million) represents defined-contribution plans and \$32 million (2014: \$41 million; 2013: \$45 million) represents the PME multi-employer plans.

Defined-benefit plans

The benefits provided by defined-benefit plans are based on employees' years of service and compensation levels. Contributions are made by the Company, as necessary, to provide assets sufficient to meet the benefits payable to defined-benefit pension plan participants.

These contributions are determined based upon various factors, including funded status, legal and tax considerations as well as local customs. The Company funds certain defined-benefit pension plans as claims are incurred.

The total cost of defined-benefit plans amounted to \$16 million in 2015 (2014: \$15 million; 2013: \$21 million) consisting of \$20 million ongoing cost (2014: \$15 million; 2013: \$21 million) and a gain of \$4 million from special events resulting from restructurings, curtailments and settlements (2014: nil; 2013: nil).

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The table below provides a summary of the changes in the pension benefit obligations and defined-benefit pension plan assets for 2015 and 2014, associated with the Company's dedicated plans, and a reconciliation of the funded status of these plans to the amounts recognized in the consolidated balance sheets.

	<u>2015</u>	<u>2014</u>
Projected benefit obligation		
Projected benefit obligation at beginning of year	447	406
Service cost	12	10
Interest cost	11	13
Actuarial (gains) and losses	(18)	76
Curtailments and settlements	(16)	—
Benefits paid	(14)	(15)
Benefit obligation assumed in acquisitions	177	—
Exchange rate differences	(38)	(43)
Projected benefit obligation at end of year	561	447
Plan assets		
Fair value of plan assets at beginning of year	157	170
Actual return on plan assets	7	10
Employer contributions	10	11
Curtailments and settlements	(12)	—
Benefits paid	(14)	(15)
Plan assets acquired in acquisitions	56	—
Exchange rate differences	(14)	(19)
Fair value of plan assets at end of year	190	157
Funded status	(371)	(290)
Classification of the funded status is as follows		
- Prepaid pension cost within other non-current assets	4	—
- Accrued pension cost within other non-current liabilities	(368)	(282)
- Accrued pension cost within accrued liabilities	(7)	(8)
Total	(371)	(290)
Accumulated benefit obligation		
Accumulated benefit obligation for all Company-dedicated benefit pension plans	518	416
Plans with assets less than accumulated benefit obligation		
Funded plans with assets less than accumulated benefit obligation		
- Fair value of plan assets	73	153
- Accumulated benefit obligations	209	204
- Projected benefit obligations	243	224
Unfunded plans		
- Accumulated benefit obligations	196	209
- Projected benefit obligations	204	218
Amounts recognized in accumulated other comprehensive income (before tax)		
Total AOCI at beginning of year	70	2
- Net actuarial loss (gain)	(21)	74
- Exchange rate differences	(7)	(6)
Total AOCI at end of year	42	70

The weighted average assumptions used to calculate the projected benefit obligations were as follows:

	<u>2015</u>	<u>2014</u>
Discount rate	2.5%	2.6%
Rate of compensation increase	2.2%	1.8%

The weighted average assumptions used to calculate the net periodic pension cost were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Discount rate	2.6%	3.7%	3.5%
Expected returns on plan assets	4.2%	4.2%	4.0%
Rate of compensation increase	1.8%	2.3%	2.4%

For the Company's major plans, the discount rate used is based on high quality corporate bonds (iBovx Corporate Euro AA 10+).

Plans in countries without a deep corporate bond market use a discount rate based on the local sovereign rate and the plans maturity (Bloomberg Government Bond Yields).

Expected returns per asset class are based on the assumption that asset valuations tend to return to their respective long-term equilibria. The Expected Return on Assets for any funded plan equals the average of the expected returns per asset class weighted by their portfolio weights in accordance with the fund's strategic asset allocation.

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The components of net periodic pension costs were as follows:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Service cost	12	10	12
Interest cost on the projected benefit obligation	11	13	15
Expected return on plan assets	(6)	(7)	(7)
Amortization of net (gain) loss	3	(1)	1
Curtailements & settlements	(6)	—	—
Other	2	—	—
Net periodic cost	<u>16</u>	<u>15</u>	<u>21</u>

A sensitivity analysis shows that if the discount rate increases by 1% from the level of December 31, 2015, with all other variables held constant, the net periodic pension cost would increase by \$2 million. If the discount rate decreases by 1% from the level of December 31, 2015, with all other variables held constant, the net periodic pension cost would decrease by \$2 million.

The estimated net actuarial loss (gain) and prior service cost that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next year (2016) are \$1 million and nil respectively.

Plan assets

The actual pension plan asset allocation at December 31, 2015 and 2014 is as follows:

	<u>2015</u>	<u>2014</u>
Asset category:		
Equity securities	29%	35%
Debt securities	55%	54%
Insurance contracts	6%	—
Other	10%	11%
	<u>100%</u>	<u>100%</u>

We met our target plan asset allocation. The investment objectives for the pension plan assets are designed to generate returns that, along with the future contributions, will enable the pension plans to meet their future obligations. The investments in our major defined benefit plans largely consist of government bonds, "Level 2" Corporate Bonds and cash to mitigate the risk of interest fluctuations. The asset mix of equity, bonds, cash and other categories is evaluated by an asset-liability modeling study for our largest plan. The assets of funded plans in other countries mostly have a large proportion of fixed income securities with return characteristics that are aligned with changes in the liabilities caused by discount rate volatility. Total pension plan assets of \$190 million include \$165 million related to the German and Japanese pension funds.

The following table summarizes the classification of these assets.

	<u>2015</u>			<u>2014</u>		
	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>	<u>Level I</u>	<u>Level II</u>	<u>Level III</u>
Equity securities	—	49	—	1	47	—
Debt securities	7	81	—	15	61	—
Insurance contracts	—	12	—	—	—	—
Other	3	10	3	12	6	3
	<u>10</u>	<u>152</u>	<u>3</u>	<u>28</u>	<u>114</u>	<u>3</u>

The Company currently expects to make \$6 million of employer contributions to defined-benefit pension plans and \$7 million of expected cash payments in relation to unfunded pension plans.

Estimated future pension benefit payments

The following benefit payments are expected to be made (including those for funded plans):

2016	21
2017	14
2018	17
2019	18
2020	19
Years 2021-2025	124

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Postretirement health care benefits

In addition to providing pension benefits, NXP provides retiree healthcare benefits in the US and the UK which are accounted for as defined-benefit plans.

The accumulated postretirement benefit obligation at the end of 2015 equals \$54 million (2014: \$2 million).

15 Debt

Short-term debt

	<u>2015</u>	<u>2014</u>
Short-term bank borrowings	6	8
Current portion of long-term debt (*)	550	12
Total	556	20

(*) Net of adjustment for debt issuance costs.

At December 31, 2015, short-term bank borrowings of \$6 million (2014: \$8 million) consisted of a local bank borrowing by our Chinese subsidiary. The applicable weighted average interest rate during 2015 was 2.5% (2014: 2.3%).

Long-term debt

	<u>Range of interest rates</u>	<u>Average rate of interest</u>	<u>Principal amount outstanding 2015</u>	<u>Due in 2016</u>	<u>Due after 2016</u>	<u>Due after 2020</u>	<u>Average remaining term (in years)</u>	<u>Principal amount outstanding 2014</u>
USD notes	2.8%-6.0%	4.3%	8,193	535	7,658	2,860	4.6	3,041
2019 Cash Convertible Senior Notes	1.0%-1.0%	1.0%	1,150	—	1,150	—	3.9	1,150
New Revolving Credit Facility (1)	—	—	—	—	—	—	—	—
Bank borrowings	—	—	—	—	—	—	—	3
Liabilities arising from capital lease transactions	2.5%-13.8%	2.8%	31	16	15	—	1.0	4
		3.9%	9,374	551	8,823	2,860	4.5	4,198

(1) We do not have any borrowings under the \$600 million New Revolving Credit Facility as of December 31, 2015.

The following amounts of long-term debt at principal amount as of December 31, 2015 are due in the next 5 years:

2016	551
2017	434
2018	781
2019	1,180
2020	3,568
Due after 5 years	2,860
	9,374

As of December 31, 2015, the book value of our outstanding long-term debt was \$9,206 million, less debt issuance costs of \$61 million, less original issuance/debt discount of \$188 million and inclusive of the purchase price accounting step-up of 81 million.

As of December 31, 2015, the fixed rate notes and floating rate notes represented 61% and 39% respectively of the total principal amount of the notes outstanding at December 31, 2015. The remaining tenor of secured debt is on average 4.8 years.

Accrued interest as of December 31, 2015 is \$46 million (December 31, 2014: \$28 million).

2015 Financing Activities

New RCF Agreement

On December 7, 2015, NXP B.V. and NXP Funding LLC, entered into a \$600 million revolving credit facility agreement. There are currently no borrowings under this credit facility.

Secured Bridge Term Credit Agreement

On December 7, 2015, NXP B.V. and NXP Funding LLC, entered into a \$1,000 million secured bridge term credit facility agreement (the "Secured Bridge Term Credit Agreement"). The Secured Bridge Term Credit Agreement was repaid in full on December 16, 2015.

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2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes

On June 9, 2015 our subsidiary, NXP B.V., together with NXP Funding LLC, issued Senior Unsecured Notes in the aggregate principal amounts of \$600 million, due June 15, 2020 and \$400 million, due June 15, 2022. The Notes were issued at par and were recorded at their fair value of \$600 million and \$400 million, respectively, on the accompanying Consolidated Balance Sheet.

Term Loan B

On December 7, 2015 our subsidiary, NXP B.V., together with NXP Funding LLC, issued Senior Secured Term Loan Facility in the principal amount of \$2,700 million, due December 7, 2020. The Term Loan was issued with an original issue discount at 99.25% of par and was recorded at its fair value of \$2,680 million on the accompanying Consolidated Balance Sheet.

The net proceeds of the 2020 Senior Unsecured Notes and 2022 Senior Unsecured Notes, together with the net proceeds of the Term Loan B, the Secured Bridge Term Credit Agreement, cash-on-hand and/or other available financing resources, were used to (i) pay the cash consideration in connection with the acquisition of Freescale, (ii) effect the repayment of certain amounts under Freescale's outstanding credit facility and Secured Notes and (iii) pay certain transaction costs.

At December 31, 2015 long-term debt increased to \$8,656 million from \$3,936 million at December 31, 2014. In 2015, the book value of our long-term debt increased by \$4,720 million to \$8,656 million, mainly due to the Term Loan B, the 2020 Senior Unsecured Notes and the 2022 Senior Unsecured Notes issued and the former Freescale Senior Secured Notes taken over as part of the acquisition.

U.S. dollar-denominated notes

The following table summarizes the outstanding notes as of December 31, 2015:

	<u>Principal amount</u>	<u>Fixed/ floating</u>	<u>Interest rate</u>	<u>Current coupon rate</u>	<u>Maturity date</u>
Term Loan	392	Floating	LIBOR plus 2% with a floor of 0.75%	2.75%	2017
Term Loan	391	Floating	LIBOR plus 2.50% with a floor of 0.75%	3.25%	2020
Term Loan	2,700	Floating	LIBOR plus 3% with a floor of 0.75%	3.75%	2020
Senior Unsecured Notes	500	Fixed	3.5%	3.5%	2016
Senior Unsecured Notes	750	Fixed	3.75%	3.75%	2018
Senior Unsecured Notes	600	Fixed	4.125%	4.125%	2020
Senior Unsecured Notes	500	Fixed	5.75%	5.75%	2021
Senior Secured Notes	500	Fixed	5%	5%	2021
Senior Secured Notes	960	Fixed	6%	6%	2022
Senior Unsecured Notes	400	Fixed	4.625%	4.625%	2022
Senior Unsecured Notes	500	Fixed	5.75%	5.75%	2023
Cash Convertible Notes	1,150	Fixed	1%	1%	2019
Revolving Credit Facility	—	Floating	—	—	2020

Certain terms and Covenants of the U.S. dollar-denominated notes

The Company is not required to make mandatory redemption payments or sinking fund payments with respect to the notes. With respect to the Term Loans, the Company is required to repay \$35 million annually.

The indentures governing the notes contain covenants that, among other things, limit the Company's ability and that of restricted subsidiaries to incur additional indebtedness, create liens, pay dividends, redeem capital stock or make certain other restricted payments or investments; enter into agreements that restrict dividends from restricted subsidiaries; sell assets, including capital stock of restricted subsidiaries; engage in transactions with affiliates; and effect a consolidation or merger. The merger with Freescale has been in compliance with any such indentures and financing covenants.

Certain portions of long-term and short-term debt as of December 31, 2015 in the principal amount of \$4,943 million (2014: \$791 million) have been secured by collateral on substantially all of the Company's assets and of certain of its subsidiaries.

Each series of the Senior Unsecured Notes are fully and unconditionally guaranteed jointly and severally, on a senior basis by certain of the Company's current and future material wholly owned subsidiaries ("Guarantors").

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Pursuant to various security documents related to the above mentioned term loans and the \$600 million committed new revolving credit facility, the Company and each Guarantor has granted first priority liens and security interests in, amongst others, the following, subject to the grant of further permitted collateral liens:

- (a) all present and future shares of capital stock of (or other ownership or profit interests in) each of its present and future direct subsidiaries, other than SMST Unterstützungskasse GmbH, and material joint venture entities;
- (b) all present and future intercompany debt of the Company and each Guarantor;
- (c) all of the present and future property and assets, real and personal, of the Company, and each Guarantor, including, but not limited to, machinery and equipment, inventory and other goods, accounts receivable, owned real estate, leaseholds, fixtures, general intangibles, license rights, patents, trademarks, trade names, copyrights, chattel paper, insurance proceeds, contract rights, hedge agreements, documents, instruments, indemnification rights, tax refunds, but excluding cash and bank accounts; and
- (d) all proceeds and products of the property and assets described above.

Notwithstanding the foregoing, certain assets may not be pledged (or the liens not perfected) in accordance with agreed security principles, including:

- if the cost of providing security is not proportionate to the benefit accruing to the holders; and
- if providing such security requires consent of a third party and such consent cannot be obtained after the use of commercially reasonable efforts; and
- if providing such security would be prohibited by applicable law, general statutory limitations, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules or similar matters or providing security would be outside the applicable pledgor’s capacity or conflict with fiduciary duties of directors or cause material risk of personal or criminal liability after using commercially reasonable efforts to overcome such obstacles; and
- if providing such security would have a material adverse effect (as reasonably determined in good faith by such subsidiary) on the ability of such subsidiary to conduct its operations and business in the ordinary course as otherwise permitted by the indenture; and
- if providing such security or perfecting liens thereon would require giving notice (i) in the case of receivables security, to customers or (ii) in the case of bank accounts, to the banks with whom the accounts are maintained. Such notice will only be provided after the secured notes are accelerated.

Subject to agreed security principles, if material property is acquired by the Company or a Guarantor that is not automatically subject to a perfected security interest under the security documents, then the Company or relevant Guarantor will within 60 days provide security over this property and deliver certain certificates and opinions in respect thereof as specified in the indenture governing the notes.

2019 Cash Convertible Senior Notes

In November 2014, NXP issued \$1,150 million principal amount of its 2019 Cash Convertible Senior Notes (the “Notes”). The 2019 Cash Convertible Senior Notes have a stated interest rate of 1.00%, matures on December 1, 2019 and may be settled only in cash. The indenture for the 2019 Cash Convertible Senior Notes does not contain any financial covenants. Contractual interest payable on the 2019 Cash Convertible Senior Notes began accruing in December 2014 and is payable semi-annually each December 1st and June 1st. The initial purchasers’ transaction fees and expenses totaling \$16 million were capitalized as deferred financing costs and are amortized over the term of the 2019 Cash Convertible Senior Notes using the effective interest method.

Prior to September 1, 2019, holders may convert their 2019 Cash Convertible Senior Notes into cash upon the occurrence of one of the following events:

- the price of NXP’s common stock reaches \$102.84 during certain periods of time specified in the 2019 Cash Convertible Senior Notes;
- specified corporate transactions occur; or
- the trading price of the 2019 Cash Convertible Senior Notes falls below 98% of the product of (i) the last reported sales price of NXP’s common stock and (ii) the conversion rate on the date.

On or after September 1, 2019, until the close of business on the second scheduled trading day immediately preceding the maturity date, holders may convert their 2019 Cash Convertible Senior Notes into cash at any time, regardless of the foregoing circumstances. NXP may not redeem the 2019 Cash Convertible Senior Notes prior to maturity.

The initial cash conversion rate for the 2019 Cash Convertible Senior Notes is 9.7236 shares of NXP’s common stock per \$1,000 principal amount of 2019 Cash Convertible Senior Notes, equivalent to a cash conversion price of approximately \$102.84 per share of NXP’s common stock, with the amount due on conversion payable in cash. Upon cash conversion, a holder will receive the sum of the daily settlement amounts, calculated on a proportionate basis for each day, during a specified observation period following the cash conversion date.

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If a “fundamental change” (as defined below in this section) occurs at any time, holders will have the right, at their option, to require us to repurchase for cash all of their 2019 Cash Convertible Senior Notes, or any portion of the principal thereof that is equal to \$1,000 or a multiple of \$1,000 (provided that the portion of any global note or certified note, as applicable, not tendered for repurchase has a principal amount of at least \$200,000, on the fundamental change repurchase date. A fundamental change is any transaction or event (whether by means of an exchange offer, change of common stock, liquidation, consolidation, merger, reclassification, recapitalization or otherwise) in which more than 50% of NXP’s common stock is exchanged for, converted into, acquired for or constitutes solely the right to receive, consideration. A transaction or transactions described above will not constitute a fundamental change, however, if at least 90% of the consideration received or to be received by our common shareholders, excluding cash payments for fractional shares, in connection with such transaction or transactions consists of shares of common equity that are listed or quoted on any permitted exchange or will be so listed or quoted when issued or exchanged in connection with such transaction or transactions and as a result of such transaction or transactions such consideration becomes the reference property for the 2019 Cash Convertible Senior Notes.

As of December 31, 2015, none of the conditions allowing the holders of the 2019 Cash Convertible Senior Notes to convert the 2019 Cash Convertible Senior Notes into cash had been met.

The requirement that NXP must settle the conversion of the Notes in cash gives rise to a derivative instrument that must be bifurcated from the debt host. The embedded cash conversion option within the Cash Convertible Notes is required to be separated from the Cash Convertible Notes and accounted for separately as a derivative liability, with changes in fair value reported in our Consolidated Statements of Income in other (expense) income, net until the cash conversion option settles or expires. The initial fair value liability of the embedded cash conversion option simultaneously reduced the carrying value of the Cash Convertible Notes (effectively an original issuance discount). The embedded cash conversion option is measured and reported at fair value on a recurring basis, within Level 2 of the fair value hierarchy. The fair value of the embedded cash conversion option at December 31, 2015 was \$241 million (2014: \$203 million) which is recorded in other long-term liabilities in the accompanying balance sheet. For the year ended December 31, 2015, the change in the fair value of the embedded cash conversion option resulted in a loss of \$38 million (2014: a loss of \$4 million).

Concurrently with the pricing of the 2019 Cash Convertible Senior Notes, NXP entered into hedge transactions, or the Notes Hedges, with various parties whereby NXP has the option to receive the cash amount that may be due to the Notes holders at maturity in excess of the \$1,150 million principal amount of the notes, subject to certain conversion rate adjustments in the Notes Indenture. These options expire on December 1, 2019, and must be settled in cash. The aggregate cost of the Notes Hedges was \$208 million. The Notes Hedges are accounted for as derivative assets, and are included in Other assets in NXP’s Consolidated Balance Sheet. As of December 31, 2015, the estimated fair value of the Notes Hedges was \$241 million (2014: \$203 million).

The Notes Embedded Conversion Derivative and the Notes Hedges are adjusted to fair value each reported period and unrealized gains and losses are reflected in NXP’s Consolidated Statements of Operations. Because the fair values of the Notes Embedded Conversion Derivative and the Notes Hedges are designed to have similar offsetting values, there was no impact to NXP’s Consolidated Statements of Operations relating to these adjustments to fair value during fiscal 2015 (2014: no impact).

In separate transactions, NXP also sold warrants, to various parties for the purchase of up to approximately 11.18 million shares of NXP’s common stock at a price of \$133.32 per share in a private placement pursuant to Section 4(2) of the Securities Act of 1933, as amended, or the Securities Act. The Warrants expire on various dates from March 2, 2020, through April 30, 2020, and will be net share settled. The fair value of the warrants is subject to changes in currency exchange rates because the warrants’ strike price is denominated in U.S. dollars, which is different from our functional currency, which is euros. As a result, the warrants are not considered indexed to our own stock, which in turn results in the warrants being classified as liabilities on our balance sheet with changes in the fair value of the warrants recognized in NXP’s Consolidated Statements of Operations. NXP received \$134 million in cash proceeds from the sale of the Warrants, which has been recorded in Other non-current liabilities. Changes in the fair value of the Warrants will be recognized in NXP’s Consolidated Financial Statements. As of December 31, 2015 the estimated fair value of the Warrants was \$168 million (2014: \$136 million). The Warrants are included in diluted earnings per share to the extent the impact is dilutive. As of December 31, 2015, the Warrants were not dilutive.

The principal amount, unamortized debt discount and net carrying amount of the liability component of the 2019 Cash Convertible Senior Notes as of December 31, 2015 and 2014 was as follows:

(in millions)	As of December 31	
	2015	2014
Principal amount of 2019 Cash Convertible Senior Notes	1,150	1,150
Unamortized debt discount of 2019 Cash Convertible Senior Notes	167	205
Net liability of 2019 Cash Convertible Senior Notes	983	945

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The effective interest rate, contractual interest expense and amortization of debt discount for the 2019 Cash Convertible Senior Notes for fiscal 2015 and 2014 were as follows:

(in millions, except percentage)	2015	2014
Effective interest rate	5.14%	5.14%
Contractual interest expense	12	1
Amortization of debt discount	38	3

As of December 31, 2015, the if-converted value of the 2019 Cash Convertible Senior Notes exceeded the principal amount of the Notes. The total fair value of the 2019 Cash Convertible Senior Notes was \$1,260 million.

Impact of Conversion Contingencies on Financial Statements

At the end of each quarter until maturity of the 2019 Cash Convertible Senior Notes, NXP will reassess whether the stock price conversion condition has been satisfied. If one of the early conversion conditions is satisfied in any future quarter, NXP would classify its net liability under the 2019 Cash Convertible Senior Notes as a current liability on the Consolidated Balance Sheet as of the end of that fiscal quarter. If none of the early conversion conditions have been satisfied in a future quarter prior to the one-year period immediately preceding the maturity date, NXP would classify its net liability under the 2019 Cash Convertible Senior Notes as a non-current liability on the Consolidated Balance Sheet as of the end of that fiscal quarter. If the holders of the 2019 Cash Convertible Senior Notes elect to convert their 2019 Cash Convertible Senior Notes prior to maturity, any unamortized discount and transaction fees will be expensed at the time of conversion.

16 Commitments and Contingencies

Lease Commitments

Property, plant and equipment includes \$2 million as of December 31, 2015 (2014: \$3 million) for capital leases and other beneficial rights of use, such as building rights and hire purchase agreements. Software includes \$26 million (2014: \$49 million) for assets acquired under non-cancellable software licenses. The financial obligations arising from these contractual agreements are reflected in long-term debt. Long-term operating lease commitments totaled \$172 million as of December 31, 2015 (2014: \$130 million). The long-term operating leases are mainly related to the rental of buildings and tools. These leases expire at various dates during the next 30 years. Future minimum lease payments under operating and capital leases are as follows:

	Operating Leases	Capital Leases
2016	50	17
2017	37	15
2018	24	—
2019	18	—
2020	13	—
Thereafter	30	—
Total future minimum leases payments	172	32
Less: amount representing interest		1
Present value of future minimum lease payments		31

Rent expense amounted to \$70 million in 2015 (2014: \$63 million; 2013: \$65 million).

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 December 31, 2015, the Company had purchase commitments of \$809 million, which are due through 2025.

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. 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 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.

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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 approximately \$28 million accrued for legal proceedings pending as of December 31, 2015, compared to approximately \$2 million as of December 31, 2014. The accruals are included in “Accrued liabilities” and “Other non-current liabilities”. There can be no assurance that the Company’s accruals will be sufficient to cover the extent of its potential exposure to losses, but historically, legal actions have not had a material adverse effect on the Company’s business, results of operations or financial condition.

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 December 31, 2015, the Company believes that for all litigation pending its aggregate exposure to loss in excess of the amount accrued could range between \$0 and approximately \$124 million.

Intellectual property litigation and infringement claims could cause us to incur significant expenses or prevent us from selling our products. The resolution of intellectual property litigation may require us to pay damages for past infringement or to obtain a license under the other party’s intellectual property rights that could require one-time license fees or ongoing royalties, require us to make material changes to our products and/or manufacturing processes, require us to cross-license certain of our patents and other intellectual property and/or prohibit us from manufacturing or selling one or more products in certain jurisdictions, which could adversely impact our operating results in future periods.

In addition, the Company is currently assisting Motorola in the defense of eight personal injury lawsuits due to indemnity obligations included in the agreement that separated Freescale from Motorola in 2004. The multi-plaintiff lawsuits are pending in the Circuit Court of Cook County, Illinois. These claims allege a link between working in semiconductor manufacturing clean room facilities and birth defects in 56 individuals. The eight suits allege exposures that occurred between 1965 and 2006. Each suit seeks an unspecified amount of damages in compensation for the alleged injuries; however, legal counsel representing the plaintiffs has recently 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. 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 denied liability for these alleged injuries based on numerous defenses. 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.

Environmental remediation

In each jurisdiction in which we operate, we are subject to many environmental, health and safety laws and regulations that govern, among other things, emissions of pollutants into the air, wastewater discharges, the use and handling of hazardous substances, waste disposal, the investigation and remediation of soil and ground water contamination and the health and safety of our employees. We are also required to obtain environmental permits from governmental authorities for certain of our operations.

As with other companies engaged in similar activities or that own or operate real property, the Company faces inherent risks of environmental liability at our current and historical manufacturing facilities. Certain environmental laws impose liability on current or previous owners or operators of real property for the cost of removal or remediation of hazardous substances. Certain of these laws also assess liability on persons who arrange for hazardous substances to be sent to disposal or treatment facilities when such facilities are found to be contaminated.

Soil and groundwater contamination has been identified at our properties in Hamburg, Germany and Nijmegen, the Netherlands and near Phoenix, Arizona, United States. The remediation processes at these locations are expected to continue for many years.

As of December 31, 2015 we have recorded \$88 million for environmental remediation costs, which are primarily included in other non-current liabilities in the accompanying Consolidated Balance Sheet. This amount represents the undiscounted future cash flows of our estimated share of costs incurred in environmental cleanup sites without considering recovery of costs from any other party or insurer, since in most cases potentially responsible parties other than us may exist and be held responsible.

17 Stockholders’ Equity

The share capital of the Company as of December 31, 2015 and 2014 consists of 1,076,257,500 authorized shares, including 430,503,000 authorized shares of common stock, and 645,754,500 authorized but unissued shares of preferred stock.

At December 31, 2015, the Company has issued and paid up 346,002,862 shares (2014: 251,751,500 shares) of common stock each having a par value of €0.20 or a nominal stock capital of €69 million.

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Share-based awards

The Company has granted share-based awards to the members of our board of directors, management team, our other executives, selected other key employees/talents of NXP and selected new hires to receive the Company's shares in the future. See note 8, "Share-based Compensation".

Treasury shares

In connection with the Company's share repurchase programs, which originally commenced in 2011, and which were extended effective August 1, 2013 and February 6, 2014, and in accordance with the Company's policy to provide share-based awards from its treasury share inventory, shares which have been repurchased and are held in treasury for delivery upon exercise of options and under restricted and performance share programs, are accounted for as a reduction of stockholders' equity. Treasury shares are recorded at cost, representing the market price on the acquisition date. When issued, shares are removed from treasury shares on a first-in, first-out (FIFO) basis.

Differences between the cost and the proceeds received when treasury shares are reissued, are recorded in capital in excess of par value. Deficiencies in excess of net gains arising from previous treasury share issuances are charged to retained earnings.

The following transactions took place resulting from employee option and share plans in 2015:

	<u>2015</u>
Total shares in treasury at beginning of year	19,171,454
Total cost	1,219
Shares acquired under repurchase program	5,336,310
Average price in \$ per share	88.93
Amount paid	475
Shares delivered	5,008,782
Average price in \$ per share	62.30
Amount received	51
Shares issued for the business combination	15,500,000
Total shares in treasury at end of year	3,998,982
Total cost	342

18 Accumulated Other Comprehensive Income (Loss), net of Tax

The changes in accumulated other comprehensive income (loss) by component and related tax effects for each period were as follows:

	<u>2015</u>			<u>2014</u>			<u>2013</u>		
	<u>Before tax</u>	<u>Tax</u>	<u>Net of tax</u>	<u>Before tax</u>	<u>Tax</u>	<u>Net of tax</u>	<u>Before tax</u>	<u>Tax</u>	<u>Net of tax</u>
Change in net investment hedge	(190)	—	(190)	(214)	—	(214)	68	—	68
Change in fair value cash flow hedges	(2)	—	(2)	—	—	—	(9)	—	(9)
Less: adjustment for (gains) losses on fair value cash flow hedges	2	—	2	2	—	2	5	—	5
Change in foreign currency translation adjustment	131	—	131	140	—	140	(27)	—	(27)
Change in net actuarial gain (loss)	28	3	31	(68)	2	(66)	20	(10)	10
Change in unrealized gains (losses) available-for-sale securities	(1)	—	(1)	1	—	1	—	—	—
Total other comprehensive income (loss)	(32)	3	(29)	(139)	2	(137)	57	(10)	47

19 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.

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Other

We have a number of strategic alliances and joint ventures. We have relationships with certain of our alliance partners in the ordinary course of business whereby we enter into various sale and purchase transactions, generally on terms comparable to transactions with third parties. However, in certain instances upon divestment of former businesses where we enter into supply arrangements with the former owned business, sales are conducted at cost.

The following table presents the amounts related to revenue and expenses incurred in transactions with these related parties:

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Revenue	8	11	—
Purchase of goods and services	85	103	102

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

	<u>2015</u>	<u>2014</u>
Receivables	24	15
Payables	24	30

20 Fair Value of Financial Assets and Liabilities

The following table summarizes the estimated fair value and carrying amount of our financial instruments:

	Fair value hierarchy(1)	December 31, 2015		December 31, 2014	
		Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Assets:					
Notes hedges	2	241	241	203	203
Other financial assets	2	47	47	44	44
Derivative instruments-assets	2	2	2	2	2
Liabilities:					
Short-term debt	2	(22)	(22)	(12)	(12)
Short-term debt (bonds)	2	(534)	(535)	(8)	(8)
Long-term debt (bonds)	2	(7,669)	(7,723)	(3,003)	(3,079)
2019 Cash Convertible Senior Notes	2	(972)	(1,260)	(930)	(1,176)
Other long-term debt	2	(15)	(15)	(3)	(3)
Notes Embedded Conversion Derivative	2	(241)	(241)	(203)	(203)
Warrants	2	(168)	(168)	(136)	(136)
Derivative instruments-liabilities	2	(4)	(4)	(4)	(4)

(1) Transfers between the levels of fair value hierarchy are recognized when a change in circumstances would require it.

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

Other financial assets and derivatives

For other financial assets and derivatives the fair value is based upon significant other observable inputs depending on the nature of the other financial asset and derivative.

Notes hedges

The Notes hedges are measured at fair value using level 2 inputs. The instrument is not actively traded and is valued using an option pricing model that uses observable market data for all inputs, such as implied volatility of NXP's common stock, risk-free interest rate and other factors.

Debt

The fair value is estimated on the basis of observable inputs other than quoted prices in active markets for identical liabilities for certain issues, or on the basis of discounted cash flow analyses. Accrued interest is included under accrued liabilities and not within the carrying amount or estimated fair value of debt.

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Notes Embedded Conversion Derivative and Warrants

The Notes Embedded Conversion Derivative and Warrants are measured at fair value using level 2 inputs. These instruments are not actively traded and are valued using an option pricing model that uses observable market data for all inputs, such as implied volatility of NXP's common stock, risk-free interest rate and other factors.

Assets and liabilities recorded at fair value on a non-recurring basis

We measure and record our non-marketable equity investments (non-marketable equity method and cost method investments) and non-financial assets, such as intangible assets and property, plant and equipment, at fair value when an impairment charge is required.

21 Other Financial Instruments, Derivatives and Currency Risk

We conduct business in diverse markets around the world and employ a variety of risk management strategies and techniques to manage foreign currency exchange rate and interest rate risks. Our risk management program focuses on the unpredictability of financial markets and seeks to minimize the potentially adverse effects that the volatility of these markets may have on our operating results. One way we achieve this is through the active hedging of risks through the selective use of derivative instruments.

Derivatives are recorded on our Consolidated Balance Sheets at fair value which fluctuates based on changing market conditions.

The Company does not purchase or hold financial derivative instruments for trading purposes.

Currency risk

The Company's transactions are denominated in a variety of currencies. The Company uses financial instruments to reduce its exposure to the effects of currency fluctuations. Accordingly, the Company's organizations identify and measure their exposures from transactions denominated in other than their own functional currency. We calculate our net exposure on a cash flow basis considering balance sheet items, actual orders received or made and anticipated revenue and expenses. The Company generally hedges foreign currency exposures in relation to transaction exposures, such as receivables/payables resulting from such transactions and part of anticipated sales and purchases. The Company generally uses forwards to hedge these exposures. In addition, the U.S. dollar-denominated debt held by our Dutch subsidiary which has a euro functional currency may generate adverse currency results in financial income and expenses depending on the exchange rate movement between the euro and the U.S. dollar. This exposure has been partially mitigated by the application of net investment hedge accounting. In accordance with the provisions in ASC 815, "Derivatives and Hedging", the Company has applied net investment hedging since May 2011. The U.S. dollar exposure of our net investment in U.S. dollar functional currency subsidiaries has been hedged by certain of our U.S. dollar denominated debt for an amount of \$1.7 billion. The hedging relationship is assumed to be highly effective. Foreign currency gains or losses on this U.S. dollar debt that is recorded in a euro functional currency entity that are designated as, and to the extent they are effective as, a hedge of the net investment in our U.S. dollar foreign entities, are reported as a translation adjustment in other comprehensive income within equity, and offset in whole or in part the foreign currency changes to the net investment that are also reported in other comprehensive income. As a result, in 2015, a charge of \$190 million (2014: a charge of \$214 million) was recorded in other comprehensive income relating to the foreign currency result on the U.S. dollar-denominated notes that are recorded in a euro functional currency entity. Absent the application of net investment hedging, this amount would have been recorded as a loss (2014: loss) within financial income (expense) in the statement of operations. No amount resulting from ineffectiveness of net investment hedge accounting was recognized in the statement of operations in 2015 (2014: no amount). As of January 1, 2016, as a result of the acquisition of Freescale, NXP has concluded that the functional currency of the holding company is USD. Beginning from January 1, 2016, our U.S. dollar-denominated notes and short term loans will no longer need to be re-measured.

22 Segments and Geographical Information

NXP is organized into two reportable segments, High Performance Mixed Signal ("HPMS") and Standard Products ("SP"). Corporate and Other represents the remaining portion to reconcile to the Consolidated Financial Statements. Effective with the Merger, the operations of Freescale were incorporated into the HPMS reportable segment.

Our HPMS business segment delivers high performance mixed signal solutions to our customers to satisfy their system and sub-systems needs across eight application areas: automotive, identification, mobile, consumer, computing, wireless infrastructure, lighting and industrial, and software solutions for mobile phones. Our SP business segment offers standard products for use across many application markets, as well as application-specific standard products predominantly used in application areas such as mobile handsets, computing, consumer and automotive. The segments each include revenue from the sale and licensing of intellectual property related to that segment.

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Our Chief Executive Officer, who is our CODM, regularly reviews financial information at the reporting segment level in order to make decisions about resources to be allocated to the segments and to assess their performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Asset information by segment is not provided to our CODM as the majority of our assets are used jointly or managed at corporate level. Arithmetical allocation of these assets to the various businesses is not deemed to be meaningful and as such total assets per segment has been omitted.

Detailed information by segment for the years 2015, 2014 and 2013 is presented in the following tables.

Revenue	2015	2014	2013
HPMS	4,720	4,208	3,533
SP	1,241	1,275	1,145
Corporate and Other (1)	140	164	137
	6,101	5,647	4,815
Operating income (loss)	2015	2014	2013
HPMS	1,885	983	712
SP	264	120	39
Corporate and Other (1)	(134)	(54)	(100)
	2,015	1,049	651

(1) Corporate and Other is not a segment under ASC 280 "Segment Reporting". Corporate and Other includes unallocated expenses not related to any specific business segment and corporate restructuring charges.

Goodwill assigned to segments	Cost at January 1, 2015	Acquisitions	Translation differences and other changes	Cost at December 31, 2015
HPMS	1,605	7,464	(300)	8,769
SP	424	—	(51)	373
Corporate and Other (1)	299	—	(27)	272
	2,328	7,464	(378)	9,414

See note 3 for further information regarding the acquisition of Freescale.

	Accumulated impairment at January 1, 2015	Translation differences and other changes	Accumulated impairment at December 31, 2015
HPMS	(172)	18	(154)
SP	(35)	3	(32)
Corporate and Other (1)	—	—	—
	(207)	21	(186)

(1) Corporate and Other is not a segment under ASC 280 "Segment Reporting".

Geographical Information

	Revenue (1)			Property, plant and equipment		
	2015	2014	2013	2015	2014	2013
China	3,135	2,756	2,047	360	116	115
Netherlands	177	171	146	161	169	180
Taiwan	78	96	98	160	138	91
United States	415	396	365	1,115	5	6
Singapore	526	452	421	186	200	214
Germany	392	450	434	98	80	80
South Korea	268	287	294	1	1	1
Other countries	1,110	1,039	1,010	841	414	361
	6,101	5,647	4,815	2,922	1,123	1,048

(1) Revenue attributed to geographic areas is based on the customer's shipped-to location (except for intellectual property license revenue which is attributable to the Netherlands).

23 Subsequent Events

On February 23, 2016, NXP B.V., together with NXP Funding LLC, issued redemption notices for an aggregate principal amount of \$200 million of its \$500 million outstanding 3.5% senior notes due 2016. This partial redemption will be made as permitted under Article 3 of the indenture dated as of September 24, 2013 and paragraph 5 of the Notes. The funds for this redemption will come from available surplus cash.

NXP B.V.
NXP FUNDING LLC
as Issuers

EACH OF THE GUARANTORS PARTY HERETO

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee

\$600,000,000 4.125% Senior Notes due 2020

\$400,000,000 4.625% Senior Notes due 2022

SENIOR INDENTURE

Dated as of June 9, 2015

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INDENTURE dated as of June 9, 2015, among NXP B.V. (the “Company”), NXP Funding LLC (the “Co-Issuer” and, together with the Company, the “Issuers”), the Guarantors (as defined herein) and Deutsche Bank Trust Company Americas, as trustee (the “Trustee”).

Each party agrees as follows for the benefit of the other parties and for the equal and ratable benefit of the Holders of (a) the Issuers’ dollar-denominated 4.125% Senior Notes due 2020 issued on the date hereof (the “2020 Notes”) and the Issuers’ dollar-denominated 4.625% Senior Notes due 2022 issued on the date hereof (the “2022 Notes”, and together with the 2020 Notes, the “Original Notes”) and (b) an unlimited principal amount of additional securities having identical terms and conditions as either the 2020 Notes or the 2022 Notes, except for any differences in the issue price, the interest (whether accrued prior to the issue date of the Additional Notes or otherwise) or the maturity (the “Additional Notes”) that subject to the conditions and in compliance with the covenants set forth herein may be issued on any later issue date. Unless the context otherwise requires, in this Indenture references to the “Notes” include the Original Notes and any Additional Notes that are actually issued.

This Indenture is subject to, and will be governed by, the provisions of the TIA that are required to be a part of and govern indentures under the TIA, except as otherwise set forth herein.

ARTICLE 1

Definitions and Incorporation by Reference

SECTION 1.01. Definitions

“2020 Notes Applicable Premium” means, with respect to any Note on any redemption date, the greater of (A) 1% of the principal amount of such Note on such redemption date and (B) the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the outstanding principal amount of such Note being redeemed, plus (ii) any required interest payments due on such Note through May 15, 2020 (the date one month prior to the maturity date of the Notes) that would be due after such redemption date but for such redemption, computed using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Note;

in each case, as calculated by the Issuers or on behalf of the Issuers by such Person as the Issuers shall designate.

“2022 Notes Applicable Premium” means, with respect to any Note on any redemption date, the greater of (A) 1% of the principal amount of such Note on such redemption date and (B) the excess (to the extent positive) of:

(a) the present value at such redemption date of (i) the outstanding principal amount of such Note being redeemed, plus (ii) any required interest payments due on such Note through

May 15, 2022 (the date one month prior to the maturity date of the Notes) that would be due after such redemption date but for such redemption, computed using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(b) the outstanding principal amount of such Note;

in each case, as calculated by the Issuers or on behalf of the Issuers by such Person as the Issuers shall designate.

“*actual knowledge*” of any Trustee shall be construed to mean that such Trustee shall not be charged with knowledge (actual or otherwise) of the existence of facts that would impose an obligation on it to make any payment or prohibit it from making any payment unless a Responsible Officer of such Trustee has received written notice that such payments are required or prohibited by this Indenture in which event the Trustee shall be deemed to have actual knowledge within one Business Day of receiving that notice.

“*Affiliate*” of any specified Person means any other Person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified Person. For the purposes of this definition, “control” when used with respect to any Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

“*Agreed Security Principles*” means the Agreed Security Principles as set out in Schedule 1, as applied reasonably and in good faith by the Company.

“*Attributable Liens*” means, in connection with any Sale and Leaseback Transaction, the lesser of (i) the fair market value of the assets subject to such Sale and Leaseback Transaction, as determined by an Officer or the Board of Directors in good faith, and (ii) the present value (discounted at a rate of 7.5% per annum compounded monthly) of the obligations of the lessee for rental payments during the term of the related lease.

“*Board of Directors*” means (1) with respect to the Company or any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (2) with respect to any partnership, the board of directors or other governing body of the general partner of the partnership or any duly authorized committee thereof; and (3) with respect to any other Person, the board or any duly authorized committee of such Person serving a similar function. Whenever any provision requires any action or determination to be made by, or any approval of, a Board of Directors, such action, determination or approval shall be deemed to have been taken or made if approved by a majority of the directors (excluding employee representatives, if any) on any such Board of Directors (whether or not such action or approval is taken as part of a formal board meeting or as a formal board approval).

“*Business Day*” means each day that is not a Saturday, Sunday or other day on which banking institutions in London, United Kingdom, or New York, New York, United States are authorized or required by law to close; *provided, however*, that for any payments to be made under this Indenture, such day shall also be a day on which the second generation Trans-European Automated Real-time Gross Settlement Express Transfer (“*TARGET2*”) payment system is open for the settlement of payments.

“*Capital Stock*” of any Person means any and all shares of, rights to purchase, warrants or options for, or other equivalents of or partnership or other interests in (however designated), equity of such Person, including any Preferred Stock, but excluding any debt securities convertible into such equity.

“*Capitalized Lease Obligations*” means an obligation that is required to be classified and accounted for as a capitalized lease for financial reporting purposes on the basis of GAAP. The amount of Indebtedness represented by such obligation will be the capitalized amount of such obligation at the time any determination thereof is to be made as determined on the basis of GAAP, and the Stated Maturity thereof will be the date of the last payment of rent or any other amount due under such lease prior to the first date such lease may be terminated without penalty.

“*Change of Control*” means:

- (1) the Issuers become aware (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) that any “person” or “group” of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act), other than one or more Permitted Holders, is or has become the “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act) of more than 50% of the Voting Stock of the Company (or its successor); provided, however, that (x) for purposes of this clause (1) such person or group shall be deemed to have “beneficial ownership” of all shares that any such person or group has the right to acquire, whether such right is exercisable immediately or only after the passage of time, directly or indirectly; (y) a transaction will not be deemed to involve a Change of Control under this clause (1) if (a) the Company becomes a direct or indirect wholly owned subsidiary of a holding company (including the Parent) and (b)(i) the direct or indirect holders of the Voting Stock of such holding company (including the Parent) immediately following that transaction are substantially the same as the holders of the Company’s Voting Stock immediately prior to that transaction or (ii) immediately following that transaction no “person” or “group” of related persons (other than a holding company (including the Parent) satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company (including the Parent); and (z) any Voting Stock of which any Permitted Holder is the “beneficial owner” (as such term is used in Rules 13d-3 and 13d-5 under the Exchange Act) shall not be included in any Voting Stock of which any such “person” or “group” of related persons is the “beneficial owner” (as so defined), unless that person or group of related persons is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock; or
- (2) the sale, lease, transfer, conveyance or other disposition, in one transaction or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to a Person, other than (w) where the

Company is the surviving entity following such sale, lease, transfer, conveyance or other disposition, (x) a Subsidiary, (y) any such sale, lease, transfer, conveyance or other disposition where the shares of the Company's Voting Stock outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person or parent entity thereof immediately after giving effect to such transaction or (z) one or more Permitted Holders.

"Change of Control Triggering Event" means, with respect to the Notes, the occurrence of (1) a Change of Control that is accompanied or followed by a downgrade of the relevant Notes within the Ratings Decline Period for such Change of Control by each of Moody's and S&P (or, in the event Moody's or S&P or both shall cease rating the Notes (for reasons outside the control of the Company), the Company shall select any other "nationally recognized statistical rating organisation" within the meaning of Section 3(a)(62) of the Exchange Act, the equivalent of such ratings by such other nationally recognized rating agency) and (2) the rating of the Notes on any day during such Ratings Decline Period is below the lower of the rating by such nationally recognized rating agency in effect (a) immediately preceding the first public announcement of the Change of Control (or occurrence thereof if such Change of Control occurs prior to public announcement) and (b) on the Issue Date; provided that a Change of Control Trigger Event will not be deemed to have occurred in respect of a particular Change of Control if such nationally recognized rating agency making the reduction in rating does not publicly announce or confirm or inform the Trustee at our request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of or in connection with the Change of Control. For the avoidance of doubt, no Change of Control Triggering Event will be deemed to have occurred in connection with any particular Change of Control unless and until such Change of Control has actually been consummated.

"Consolidated EBITDA" for any period means:

- (1) the consolidated net income (loss) of the Company determined on the basis of GAAP, excluding:
 - (a) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge (as determined in good faith by an Officer or the Board of Directors of the Company) or any charges or reserves in respect of any restructuring, redundancy or severance expense;
 - (b) any non-cash compensation charge or expense arising from any grant of stock, stock options or other equity based awards and any non-cash deemed finance charges in respect of any pension liabilities or other provisions; and
 - (c) any purchase accounting effects including, but not limited to, adjustments to inventory, property and equipment, software and other intangible assets and deferred revenue in component amounts required or permitted by GAAP and related authoritative pronouncements (including the effects of such adjustments pushed down to the Company and the Subsidiaries), as a result of any consummated acquisition;

- (2) before:
- (a) (x) consolidated interest expense of the Company and its Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing consolidated net income (loss) of the Company (including (i) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (ii) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (iii) non-cash interest payments (but excluding any non-cash interest expense attributable to the movement in the mark to market valuation of hedging obligations or other derivative instruments pursuant to GAAP), (iv) the interest component of Capitalized Lease Obligations, and (v) net payments, if any, pursuant to interest rate hedging obligations with respect to Indebtedness, and excluding (vi) accretion or accrual of discounted liabilities other than Indebtedness, (vii) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (viii) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses and (ix) any expensing of bridge, commitment and other financing fees), plus (y) consolidated capitalized interest of the Company for such period, whether paid or accrued; less (z) interest income for such period;
- (b) Taxes or other payments, including deferred Taxes, based on income, profits or capital (including without limitation withholding taxes) and franchise taxes of any of the Company and its Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority;
- (c) consolidated depreciation expense and consolidated amortization or impairment expense, including (i) any expenses, charges or other costs related to any equity offering, investment, acquisition (including one-time amounts paid in connection with the acquisition or retention of one or more individuals comprising part of a management team retained to manage the acquired business; provided that such payments are made in connection with such acquisition and are consistent with the customary practice in the industry at the time of such acquisition), disposition, recapitalization or the Incurrence of any Indebtedness permitted by this Indenture (in each case whether or not successful) in each case, as determined in good faith by an Officer or the Board of Directors of the Company; (ii) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period; and (iii) other non-cash charges, write-downs or items reducing consolidated net income (loss) of the Company (excluding any such non-cash charge, write-down or item to the extent it represents an accrual of or reserve for cash charges in any future period) or other items classified by the Company as special items less other non-cash items of income increasing consolidated net income (loss) of the Company (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

“*Consolidated Net Tangible Assets*” means, at any date, the total assets appearing on the Company’s most recent consolidated balance sheet, prepared in accordance with GAAP, less all current liabilities as shown on such balance sheet, and Intangible Assets.

“*Consolidated Secured Leverage Ratio*” means, as of any date of determination, the ratio of (x) the sum of the aggregate outstanding Secured Indebtedness of the Company and its Subsidiaries (excluding hedging obligations), minus the cash and cash equivalents of the Company and its Subsidiaries at such date to (y) the aggregate amount of Consolidated EBITDA for the period of the most recent four consecutive fiscal quarters ending prior to the date of such determination for which internal consolidated financial statements of the Issuer are available; provided, however, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

- (1) since the beginning of such period the Company or any Subsidiary has disposed of any company, any business, or any group of assets constituting an operating unit of a business (any such disposition, a “Sale”) or if the transaction giving rise to the need to calculate the Consolidated Secured Leverage Ratio is such a Sale, Consolidated EBITDA for such period will be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the assets which are the subject of such Sale for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period; provided that if any such sale constitutes “discontinued operations” in accordance with the then applicable GAAP, Consolidated EBITDA shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such period;
- (2) since the beginning of such period, the Company or any Subsidiary (by merger or otherwise) has made an investment in any Person that thereby becomes a Subsidiary, or otherwise has acquired any company, any business, or any group of assets constituting an operating unit of a business (any such investment or acquisition, a “Purchase”), including any such Purchase occurring in connection with a transaction causing a calculation to be made hereunder, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Purchase occurred on the first day of such period, including anticipated cost savings and synergies; and
- (3) since the beginning of such period, any Person (that became a Subsidiary or was merged or otherwise combined with or into the Company or any Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (1) or (2) above if made by the Company or a Subsidiary since the beginning of such period, Consolidated EBITDA for such period will be calculated after giving pro forma effect thereto as if such Sale or Purchase occurred on the first day of such period.

For the purposes of this definition and the definition of Consolidated EBITDA, (a) calculations will be as determined in good faith by an Officer or the Board of Directors of the

Company (including in respect of cost savings and synergies and anticipated cost savings and synergies) and (b) in determining the amount of Secured Indebtedness outstanding on any date of determination, pro forma effect shall be given to any Incurrence, repayment, repurchase, defeasance or other acquisition, retirement or discharge of Secured Indebtedness as if such transaction had occurred on the first day of the relevant period.

“*Credit Facility*” means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Revolving Credit Agreement or commercial paper facilities and overdraft facilities) with banks, other financial institutions or investors providing for revolving credit loans, term loans, notes, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables), letters of credit or other Indebtedness, in each case, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to time (and whether in whole or in part and whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Agreement or one or more other credit or other agreements, indentures, financing agreements or otherwise) and in each case including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing (including any notes and letters of credit issued pursuant thereto and any Guarantee and collateral agreement, patent and trademark security agreement, mortgages or letter of credit applications and other Guarantees, pledges, agreements, security agreements and collateral documents). Without limiting the generality of the foregoing, the term “*Credit Facility*” shall include any agreement or instrument (1) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

“*Debtor Relief Laws*” means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally (including, in the case of any Guarantor incorporated or organized in England or Wales, administration, administrative receivership, voluntary arrangement and schemes of arrangement).

“*Default*” means any event which is, or after notice or passage of time or both would be, an Event of Default.

“*Disqualified Stock*” means, with respect to any Person, any Capital Stock of such Person which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable) or upon the happening of any event:

- (1) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(2) is convertible or exchangeable for Indebtedness or Disqualified Stock (excluding Capital Stock which is convertible or exchangeable solely at the option of the Company or a Subsidiary); or

(3) is or may become (in accordance with its terms) upon the occurrence of certain events or otherwise redeemable or repurchasable for cash or in exchange for Indebtedness at the option of the holder of the Capital Stock in whole or in part,

in each case on or prior to the earlier of (a) the Stated Maturity of the Notes or (b) the date on which there are no Notes outstanding; provided, however, that only the portion of Capital Stock which so matures or is mandatorily redeemable, is so convertible or exchangeable or is so redeemable at the option of the holder thereof prior to such date will be deemed to be Disqualified Stock.

“*DTC*” means The Depository Trust Company or any successor securities clearing agency.

“*Euro Equivalent*” means, with respect to any monetary amount in a currency other than euro, at any time of determination thereof by the Company or the Trustee, the amount of euro obtained by converting such currency other than euro involved in such computation into euro at the spot rate for the purchase of euro with the applicable currency other than euro as published in The Financial Times in the “Currency Rates” section (or, if The Financial Times is no longer published, or if such information is no longer available in The Financial Times, such source as may be selected in good faith by an Officer or the Board of Directors) on the date of such determination.

“*Exchange Act*” means the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*fair market value*” may be conclusively established by means of an Officer’s Certificate or a resolution of the Board of Directors of the Company setting out such fair market value as determined by such Officer or such Board of Directors in good faith.

“*GAAP*” means generally accepted accounting principles in the United States of America as in effect on the date of any calculation or determination required hereunder. Except as otherwise set forth in this Indenture, all ratios and calculations based on GAAP contained in this Indenture shall be computed in accordance with GAAP. At any time after the Issue Date, the Company may elect to establish that GAAP shall mean the GAAP as in effect on or prior to the date of such election, provided that any such election, once made, shall be irrevocable. At any time after the Issue Date, the Company may elect to apply International Financial Reporting Standards (“IFRS”) accounting principles in lieu of GAAP and, upon any such election, references herein to GAAP shall thereafter be construed to mean IFRS (except as otherwise provided elsewhere in this Indenture), including as to the ability of the Company to make an election pursuant to the previous sentence; provided that any such election, once made, shall be irrevocable; provided, further, that any calculation or determination in this Indenture that require the application of GAAP for periods that include fiscal quarters ended prior to the Company’s election to apply IFRS shall remain as previously calculated or determined in accordance with GAAP; provided, further again, that the Company may only make such election if it also elects to report any subsequent financial reports

required to be made by the Company, including pursuant to Section 13 or Section 15(d) of the Exchange Act, in IFRS. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders.

“*Governmental Authority*” means any nation, sovereign or government, any state, province, territory or other political subdivision thereof, and any entity or authority exercising executive, legislative, judicial, regulatory, self-regulatory or administrative functions of or pertaining to government, including a central bank or stock exchange.

“*Guarantee*” means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness of any other Person, including any such obligation, direct or indirect, contingent or otherwise, of such Person:

(1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or

(2) entered into primarily for purposes of assuring in any other manner the obligee of such Indebtedness of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part);

provided, however, that the term “*Guarantee*” will not include endorsements for collection or deposit in the ordinary course of business. The term “*Guarantee*” used as a verb has a corresponding meaning.

“*Guarantor*” means any Subsidiary that Guarantees the Notes.

“*Holder*” means each Person in whose name the Notes are registered on the Registrar’s books, which shall initially be the respective nominee of DTC.

“*Incur*” means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; and the terms “*Incurred*” and “*Incurrence*” have meanings correlative to the foregoing and any Indebtedness pursuant to any revolving credit or similar facility shall only be “*Incurred*” at the time any funds are borrowed thereunder.

“*Indebtedness*” means, with respect to any Person on any date of determination (without duplication):

(1) the principal of indebtedness of such Person for borrowed money;

(2) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all reimbursement obligations of such Person in respect of letters of credit, bankers’ acceptances or other similar instruments (the amount of such obligations being equal at any time to the aggregate then undrawn and unexpired amount of such letters

of credit or other instruments plus the aggregate amount of drawings thereunder that have not been reimbursed) (except to the extent such reimbursement obligations relate to trade payables and such obligations are satisfied within 30 days of Incurrence), in each case only to the extent that the underlying obligation in respect of which the instrument was issued would be treated as Indebtedness;

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), where the deferred payment is arranged primarily as a means of raising finance, which purchase price is due more than one year after the date of placing such property in service or taking final delivery and title thereto;

(5) Capitalized Lease Obligations of such Person;

(6) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock (but excluding any accrued dividends);

(7) the principal component of all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided, however, that the amount of such Indebtedness will be the lesser of (a) the fair market value of such asset at such date of determination (as determined by an Officer or the Board of Directors in good faith) and (b) the amount of such Indebtedness of such other Persons;

(8) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(9) to the extent not otherwise included in this definition, net obligations of such Person under any hedging obligations (the amount of any such obligations to be equal at any time to the termination value of such agreement or arrangement giving rise to such obligation that would be payable by such Person at such time).

The term "Indebtedness" shall not include any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Issue Date, any asset retirement obligations, any prepayments of deposits received from clients or customers in the ordinary course of business, or obligations under any license, permit or other approval (or Guarantees given in respect of such obligations) Incurred prior to the Issue Date or in the ordinary course of business.

The amount of Indebtedness of any Person at any time in the case of a revolving credit or similar facility shall be the total amounts of funds borrowed and then outstanding. The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Indenture, and (other than with respect to letters of credit or Guarantees of Indebtedness specified in clause (7) or (8) above) shall equal the amount thereof that would appear on a balance sheet of such Person (excluding any notes thereto) prepared on the basis of GAAP.

Notwithstanding the above provisions, in no event shall the following constitute Indebtedness:

- (i) contingent obligations incurred in the ordinary course of business;
- (ii) in connection with the purchase by the Company of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter; or
- (iii) for the avoidance of doubt, any obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes.

"*Intangible Assets*" means the value (net of applicable reserves), as shown on or reflected in the Company's most recent consolidated balance sheet, of (i) all trade names, trademarks, licenses, patents, copyrights and goodwill, (ii) organizational and development costs, (iii) deferred charges (other than prepaid items such as insurance, taxes, interest, commissions, rents and similar items and tangible assets being amortized) and (iv) unamortized debt discount and expenses, less unamortized premium.

"*Investors*" means The Blackstone Group, The Carlyle Group, Permira funds advised by Permira Advisers LLC, Texas Pacific Group and, if applicable, each of their respective Affiliates and funds or partnerships managed by any of them or their respective Affiliates but not including, however, any portfolio companies of any of the foregoing.

"*Issue Date*" means June 9, 2015.

"*Lien*" means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof).

"*Merger*" means the merger of the Parent, Nimble Acquisition Limited and Freescale Semiconductor, Ltd. contemplated by the agreement and plan of merger, dated March 1, 2015, pursuant to which Freescale Semiconductor, Ltd. will become a wholly owned, indirect subsidiary of the Parent.

"*Merger Date*" means the closing date of the Merger.

"*Merger Financing Arrangements*" means any secured term credit agreements, secured indentures, secured revolving credit agreement or other secured financing arrangements that will be entered into by the Company or any of its Subsidiaries in relation to the completion of the Merger.

“Moody’s” means Moody’s Investors Service, Inc. or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“Nationally Recognized Statistical Rating Organization” means a nationally recognized statistical rating organization within the meaning of Section 3(a)(62) of the Exchange Act.

“Note Documents” means the Notes (including Additional Notes) and this Indenture.

“Note Guarantee” has the meaning given to such term in Section 10.01.

“Offering Memorandum” means the offering memorandum of the Issuers dated as of June 2, 2015 in connection with the offering and sale of the Notes.

“Officer” means, with respect to any Person, (1) the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Financial Officer, any Vice President, the Treasurer, any Managing Director or the Secretary (a) of such Person or (b) if such Person is owned or managed by a single entity, of such entity, or (2) any other individual designated as an “Officer” for the purposes of this Indenture by the Board of Directors of such Person.

“Officer’s Certificate” means, with respect to any Person, a certificate signed by one Officer of such Person.

“Opinion of Counsel” means a written opinion from legal counsel reasonably satisfactory to the Trustee. The legal counsel may be an employee of or counsel to the Company or its Subsidiaries.

“Parent” means NXP Semiconductors N.V. or any successor thereto.

“Permitted Liens” means, with respect to any Person:

- (1) pledges, deposits or Liens under workmen’s compensation laws, unemployment insurance laws, social security laws or similar legislation, or insurance related obligations (including pledges or deposits securing liability to insurance carriers under insurance or self-insurance arrangements), or in connection with bids, tenders, completion guarantees, contracts (other than for borrowed money) or leases, or to secure utilities, licenses, public or statutory obligations, or to secure surety, indemnity, judgment, appeal or performance bonds, guarantees of government contracts (or other similar bonds, instruments or obligations), or as security for contested Taxes or import or customs duties or for the payment of rent, or other obligations of like nature, in each case Incurred in the ordinary course of business;
- (2) Liens imposed by law, including carriers’, warehousemen’s, mechanics’, landlords’, materialmen’s and repairmen’s or other like Liens, in each case for sums not yet overdue for a period of more than 60 days or that are bonded or being contested in good faith by appropriate proceedings;

- (3) Liens for Taxes, assessments or other governmental charges not yet delinquent or which are being contested in good faith by appropriate proceedings; provided that appropriate reserves required pursuant to GAAP have been made in respect thereof;
- (4) Liens in favor of issuers of surety, performance or other bonds, guarantees or letters of credit or bankers' acceptances (not issued to support Indebtedness for borrowed money) issued pursuant to the request of and for the account of the Company or any Subsidiary in the ordinary course of its business;
- (5) encumbrances, ground leases, easements (including reciprocal easement agreements), survey exceptions, or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning, building codes or other restrictions (including minor defects or irregularities in title and similar encumbrances) as to the use of real properties or Liens incidental to the conduct of the business of the Company and its Subsidiaries or to the ownership of its properties which do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of the Company and its Subsidiaries;
- (6) Liens on assets or property of the Company or any Subsidiary securing hedging obligations;
- (7) leases, licenses, subleases and sublicenses of assets (including real property and intellectual property rights), in each case entered into in the ordinary course of business;
- (8) Liens arising out of judgments, decrees, orders or awards not giving rise to an Event of Default so long as any appropriate legal proceedings which may have been duly initiated for the review of such judgment, decree, order or award have not been finally terminated or the period within which such proceedings may be initiated has not expired;
- (9) Liens arising by virtue of any statutory or common law provisions relating to banker's Liens, rights of set-off or similar rights and remedies as to deposit accounts or other funds maintained with a depository or financial institution;
- (10) Liens arising from Uniform Commercial Code financing statement filings (or similar filings in other applicable jurisdictions) regarding operating leases entered into by the Company and its Subsidiaries in the ordinary course of business;
- (11) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Subsidiary (or at the time the Company or a Subsidiary acquires such property, other assets or shares of stock, including any acquisition by means of a merger, consolidation or other business combination transaction with or into the Company or any Subsidiary); provided, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Subsidiary (or such acquisition of such property, other assets or stock); provided, further, that such Liens are limited to all or part of the same property,

- other assets or stock (plus improvements, accession, proceeds or dividends or distributions in connection with the original property, other assets or stock) that secured (or, under the written arrangements under which such Liens arose, could secure) the obligations to which such Liens relate;
- (12) Liens on assets or property of the Company or any Subsidiary securing Indebtedness or other obligations of the Company or such Subsidiary owing to the Company or another Subsidiary, or Liens in favor of the Company or any Subsidiary;
 - (13) Liens securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously permitted to be secured under this Indenture;
 - (14) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;
 - (15) (a) mortgages, liens, security interests, restrictions, encumbrances or any other matters of record that have been placed by any government, statutory or regulatory authority, developer, landlord or other third party on property over which the Company or any Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (b) any condemnation or eminent domain proceedings affecting any real property;
 - (16) any encumbrance or restriction (including put and call arrangements) with respect to Capital Stock of any joint venture or similar arrangement pursuant to any joint venture or similar agreement;
 - (17) Liens on property or assets under construction (and related rights) in favor of a contractor or developer or arising from progress or partial payments by a third party relating to such property or assets;
 - (18) Liens securing or arising by reason of any netting or set-off arrangement entered into in the ordinary course of banking or other trading activities, or liens over cash accounts securing cash pooling or cash management arrangements;
 - (19) Liens arising out of conditional sale, title retention, hire purchase, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business; and
 - (20) other Liens (including successive extensions, renewals, alterations or replacements thereof) not excepted by clauses (1) through (19) above, provided that after giving effect thereto the aggregate principal amount of the Secured Indebtedness of the Company and its Significant Subsidiaries secured by such Liens does not exceed the greater of (A) the Post Merger Amount, (B) the amount that would cause the Consolidated Secured Leverage Ratio to exceed 2.5 to 1.0 and (C) 15% of the Consolidated Net Tangible Assets, in each case after giving effect to such Incurrence and the application of the proceeds therefrom.

“*Permitted Holders*” means each of the Investors and members of management of the Company or its direct or indirect parent companies (including the Parent) on the Merger Date who are holders of equity interests of the Company (or any of its direct or indirect parent companies) and any group (within the meaning of Section 13(d)(3) or Section 14(d)(2) of the Exchange Act or any successor provision) of which any of the foregoing are members; provided, that, in the case of such group and without giving effect to the existence of such group or any other group, such Investors and members of management, collectively, have beneficial ownership of more than 50% of the total voting power of the Voting Stock of the Company or any of its direct or indirect parent companies.

“*Person*” means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company, government or any agency or political subdivision thereof or any other entity.

“*Post Merger Amount*” means an amount equal to the aggregate principal amount of Secured Indebtedness (i) that the Company or any of its Subsidiaries will Incur under any Merger Financing Arrangements, not to exceed \$4.64 billion, (ii) that has been, or is available to be, drawn under the Revolving Credit Agreement, (iii) that the Company or any of its Subsidiaries have outstanding as of the Issue Date (including, without limitation, the Term Loans and the Notes), plus (iv) that will remain outstanding at Freescale or any of its Subsidiaries upon completion of the Merger.

“*Preferred Stock*” as applied to the Capital Stock of any Person, means Capital Stock of any class or classes (however designated) which is preferred as to the payment of dividends or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over shares of Capital Stock of any other class of such Person.

“*Principal Property*” means our property, plants and equipment owned by us or any of our Significant Subsidiaries, except as determined by an Officer or the Board of Directors in good faith (taking into account, among other things, the importance of such property, plants and equipment to our business, financial condition and earnings taken as a whole) not to be of material importance to the business of us and our Significant Subsidiaries, taken as a whole.

“*Public Debt*” means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the Securities Act or (2) a private placement to institutional investors that is purchased for resale in accordance with Rule 144A or Regulation S under the Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale.

“*Ratings Decline Period*” means, with respect to any Change of Control, the period that (1) begins on the earlier of (a) the date of the first public announcement of the occurrence of such Change of Control or of the intention by the Company or a stockholder of the Company, as applicable, to effect such Change of Control or (b) the occurrence of such Change of Control and (2) ends on the 60th day following consummation of such Change of Control; provided, however, that such period shall be extended for so long as the rating of the Notes of a series, as noted by the applicable rating agency, is under publicly announced consideration for downgrade by the applicable rating agency.

“*Refinance*” means refinance, refund, replace, renew, repay, modify, restate, defer, substitute, supplement, reissue, resell, extend or increase (including pursuant to any defeasance or discharge mechanism) and the terms “*refinances*,” “*refinanced*” and “*refinancing*” as used for any purpose in this Indenture shall have a correlative meaning.

“*Refinancing Indebtedness*” means Indebtedness that is Incurred to refund, refinance, replace, exchange, renew, repay or extend (including pursuant to any defeasance or discharge mechanism) any Indebtedness existing on the date of this Indenture or Incurred in compliance with this Indenture (including Indebtedness of the Company that refinances Indebtedness of any Subsidiary and Indebtedness of any Subsidiary that refinances Indebtedness of the Company or another Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; *provided, however*, that:

- (1) if the Indebtedness being refinanced constitutes Subordinated Indebtedness, the Refinancing Indebtedness has a final Stated Maturity at the time such Refinancing Indebtedness is Incurred that is the same as or later than the final Stated Maturity of the Indebtedness being refinanced or, if shorter, the Notes;
- (2) such Refinancing Indebtedness is Incurred in an aggregate principal amount (or if issued with original issue discount, an aggregate issue price) that is equal to or less than the sum of the aggregate principal amount (or if issued with original issue discount, the aggregate accreted value) then outstanding of the Indebtedness being refinanced (plus, without duplication, any additional Indebtedness Incurred to pay interest or premiums required by the instruments governing such existing Indebtedness and costs, expenses and fees Incurred in connection therewith); and
- (3) if the Indebtedness being refinanced is expressly subordinated to the Notes, such Refinancing Indebtedness is subordinated to the Notes on terms at least as favorable to the Holders as those contained in the documentation governing the Indebtedness being refinanced;

provided, however, that Refinancing Indebtedness in respect of any Credit Facility or any other Indebtedness may be Incurred from time to time after the termination, discharge or repayment of any such Credit Facility or other Indebtedness.

“*Responsible Officer*” means, when used with respect to the Trustee, any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of such individual’s knowledge of and familiarity with the particular subject.

“*Revolving Credit Agreement*” means the senior secured revolving credit facility agreement dated April 27, 2012 among the Company and certain of the Company’s Subsidiaries, as borrowers and guarantors, the senior lenders (as named therein), and Morgan Stanley Senior Funding Inc., as facility agent and collateral agent, as amended by the joinder agreement dated October 24, 2012, and as may be further amended, supplemented or otherwise modified from time to time, and any Refinancing Indebtedness in respect thereto.

“S&P” means Standard & Poor’s Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

“*Sale and Leaseback Transaction*” means an arrangement relating to any Principal Property owned by the Company or a Significant Subsidiary on the Issue Date or thereafter acquired by the Company or a Significant Subsidiary whereby the Company or a Significant Subsidiary transfers such property to a Person and the Company or a Significant Subsidiary leases it from such Person.

“SEC” means the U.S. Securities and Exchange Commission or any successor thereto.

“*Secured Indebtedness*” means any Indebtedness secured by a Lien and any Attributable Lien.

“*Securities Act*” means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

“*Significant Subsidiary*” means any Subsidiary that meets any of the following conditions:

- (1) the Company’s and its Subsidiaries’ investments in and advances to the Subsidiary exceed 10% of the Total Assets of the Company and its Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;
- (2) the Company’s and its Subsidiaries’ proportionate share of the Total Assets (after intercompany eliminations) of the Subsidiary exceeds 10% of the Total Assets of the Company and its Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or
- (3) the Company’s and its Subsidiaries’ equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Subsidiary exceeds 10% of such income of the Company and its Subsidiaries on a consolidated basis for the most recently completed fiscal year.

“*Stated Maturity*” means, with respect to any indebtedness or security, the date specified in such indebtedness or security as the fixed date on which the payment of principal of such indebtedness or security is due and payable, including pursuant to any mandatory redemption provision, but shall not include any contingent obligations to repay, redeem or repurchase any such principal prior to the date originally scheduled for the payment thereof.

“*Subordinated Indebtedness*” means, with respect to any Person, any Indebtedness (whether outstanding on the Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

“*Subsidiary*” means, with respect to any Person:

- (1) any corporation, association, or other business entity (other than a partnership, joint venture, limited liability company or similar entity) of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time of determination owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof; or
- (2) any partnership, joint venture, limited liability company or similar entity of which:
 - (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general or limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof whether in the form of membership, general, special or limited partnership interests or otherwise; and
 - (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

“*Taxes*” means all present and future taxes, levies, imposts, deductions, charges, duties, assessments and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed or levied by any government or other taxing authority.

“*Term Loans*” means the secured term credit agreement entered into on March 4, 2011, as amended and supplemented by the joinder and amendment agreement entered into on November 18, 2011, the new term loan joinder agreement entered into on February 16, 2012, the new term loan joinder agreement entered into on December 10, 2012, the 2013 new term loan joinder agreement entered into on November 27, 2013 and the 2014 new term loan joinder agreement entered into on February 18, 2014, and as may be further amended, supplemented or otherwise modified from time to time.

“*TIA*” means the Trust Indenture Act of 1939, as amended.

“*Total Assets*” means the consolidated total assets of the Company and its Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person.

“*Treasury Rate*” means the yield to maturity at the time of computation of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by an Officer or the Board of Directors in good faith)) most nearly equal to the period from the redemption date to May 15, 2020 (the date one month prior to the maturity date of the Notes), with regard to the 2020 Notes, or May 15, 2022 (the date one month prior to the maturity date of the Notes), with regard to the 2022 Notes; provided, however, that if the period from the redemption date to May 15, 2020 (the date one month prior to the maturity date of the Notes), with

regard to the 2020 Notes, or May 15, 2022 (the date one month prior to the maturity date of the Notes), with regard to the 2022 Notes is not equal to the constant maturity of a United States Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of United States Treasury securities for which such yields are given, except that if the period from the redemption date to such applicable date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year shall be used.

“*Uniform Commercial Code*” means the New York Uniform Commercial Code.

“*U.S. Government Obligations*” means securities that are (1) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States of America, which, in either case, are not callable or redeemable at the option of the Company thereof, and shall also include a depositary receipt issued by a bank (as defined in Section 3(a)(2) of the Securities Act), as custodian with respect to any such U.S. Government Obligations or a specific payment of principal of or interest on any such U.S. Government Obligations held by such custodian for the account of the holder of such depositary receipt, *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depositary receipt from any amount received by the custodian in respect of the U.S. Government Obligations or the specific payment of principal of or interest on the U.S. Government Obligations evidenced by such depositary receipt.

“*Voting Stock*” of a Person means all classes of Capital Stock of such Person then outstanding and normally entitled to vote in the election of directors.

“*Wholly Owned Subsidiary*” means a Subsidiary of the Company, all of the Capital Stock of which (other than directors’ qualifying shares or shares required by any applicable law or regulation to be held by a Person other than the Company or another Wholly Owned Subsidiary) is owned by the Company or another Wholly Owned Subsidiary.

SECTION 1.02. Other Definitions

<u>Term</u>	<u>Defined in Section</u>
"2020 Notes"	Preamble
"2022 Notes"	Preamble
"Additional Amounts"	4.02(a)
"Additional Notes"	Preamble
"Agent Members"	Appendix A
"Applicable Law"	11.15
"Applicable Procedures"	Appendix A
"Authorized Agent"	11.10
"Co-Issuer"	Preamble
"Company"	Preamble
"covenant defeasance option"	8.01(b)
"defeasance trust"	8.02(a)(1)
"Definitive Note"	Appendix A
"Event of Default"	6.01(a)
"Global Note Legend"	Appendix A
"Guaranteed Obligations"	10.01(a)
"Interest Amount"	2.04(d)
"Issuers"	Preamble
"legal defeasance option"	8.01(b)
"Notes"	Preamble
"Notes Custodian"	Appendix A
"Offer to Purchase"	4.03(a)
"Offer Expiration Date"	4.03(c)
"Original Notes"	Preamble
"Paying Agent"	2.04(a)
"Payor"	4.02(a)
"Permitted Payments"	4.06(c)
"protected purchaser"	2.08
"purchase date"	4.03(c)
"Purchase Price"	4.03(c)
"QIB"	Appendix A
"Qualified Institutional Buyer"	Appendix A
"Regulation S"	Appendix A
"Regulation S Notes"	Appendix A
"Relevant Taxing Jurisdiction"	4.02(a)(3)
"Registrar"	2.04(a)
"Restricted Period"	Appendix A
"Restricted Notes Legend"	Appendix A
"Rule 144A"	Appendix A
"Rule 144A Notes"	Appendix A
"Securities Act"	Appendix A
"Successor Company"	5.01(a)(1)
"Transfer Agent"	2.04(a)
"Transfer Restricted Notes"	Appendix A
"Trustee"	Preamble

SECTION 1.03. Incorporation by Reference of TIA

This Indenture is subject to the provisions of the TIA which are elsewhere in this Indenture incorporated by reference in and made a part of this Indenture. The following TIA terms have the following meanings:

"Commission" means the SEC.

“indenture securities” means the Securities and the Note Guarantees.

“indenture security holder” means a Holder.

“indenture to be qualified” means this Indenture.

“indenture trustee” or “institutional trustee” means the Trustee.

“obligor” on the indenture securities means the Company, the Note Guarantors and any other obligor on the indenture securities.

All other TIA terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule have the meanings assigned to them by such definitions.

SECTION 1.04. Rules of Construction

Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(c) “or” is not exclusive;

(d) “including” means including without limitation;

(e) words in the singular include the plural and words in the plural include the singular; and

(f) unsecured Indebtedness shall not be deemed to be subordinate or junior to secured Indebtedness merely by virtue of its nature as unsecured Indebtedness.

ARTICLE 2

The Notes

SECTION 2.01. Issuable in Series

The 2020 Notes are a single series and shall be substantially identical except as to denomination. The 2022 Notes are a single series and shall be substantially identical except as to denomination. Additional Notes issued after the Issue Date may be issued in one or more series. The Issuers may, without the consent of the Holders, increase the principal amount of the 2020 Notes and/or 2022 Notes by issuing Additional Notes in the future on the same terms and conditions, except for any differences in the issue price, the interest (whether accrued prior to the issue date of the Additional Notes or otherwise) or the maturity. The Additional Notes will have the same CUSIP number as the 2020 Notes or the 2022 Notes, as applicable, provided that any Additional Notes that are not fungible with the 2020 Notes or the 2022 Notes, as applicable for U.S. federal income tax purposes will be issued under a separate CUSIP number.

With respect to any Additional Notes issued after the Issue Date (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes pursuant to Sections 2.07, 2.08, 2.09, 2.10 or 3.06 or Appendix A), there shall be (a) established in or pursuant to a resolution of the Board of Directors of the Company and (b)(i) set forth or determined in the manner provided in an Officer's Certificate of the Company or (ii) established in one or more indentures supplemental hereto, prior to the issuance of such Additional Notes:

(1) whether such Additional Notes shall be issued as part of a new or existing series of Notes and the title of such Additional Notes (which shall distinguish the Additional Notes of the series from Notes of any other series);

(2) the aggregate principal amount of such Additional Notes which may be authenticated and delivered under this Indenture (except for Notes authenticated and delivered upon registration of transfer of, or in exchange for, or in lieu of, other Notes of the same series pursuant to Sections 2.07, 2.08, 2.09, 2.10 or 3.06 or Appendix A and except for Notes which, pursuant to Section 2.03, are deemed never to have been authenticated and delivered hereunder);

(3) the date or dates on which the principal of any such Additional Notes is payable, or the method by which such date or dates shall be determined or extended;

(4) the issue price and issuance date of such Additional Notes, including the date from which interest on such Additional Notes shall accrue, the rate or rates at which such Additional Notes shall bear interest, if any, or the method by which such rate or rates shall be determined, the date or dates on which such interest shall be payable and the record date, if any, for the interest payable on any interest payment date; *provided, however*, that (to the extent such Additional Notes are to be part of the same series as the Original Notes) such Additional Notes must be fungible with the Original Notes for U.S. federal income tax purposes;

(5) the period or period within the date or dates on which, the price or prices at which and the terms and conditions upon which any such Additional Notes may be redeemed, in whole or in part, at the option of the Issuers; and

(6) if applicable, that such Additional Notes shall be issuable in whole or in part in the form of one or more Global Notes and, in such case, the respective depositaries for such Global Notes, the form of any legend or legends which shall be borne by such Global Notes in addition to or in lieu of those set forth in Exhibit A hereto and any circumstances in addition to or in lieu of those set forth in Section 2.3 of Appendix A in which any such Global Note may be exchanged in whole or in part for Additional Notes registered, or any transfer of such Global Note in whole or in part may be registered, in the name or names of Persons other than the depositary for such Global Note or a nominee thereof.

If any of the terms of any Additional Notes are established by action taken pursuant to a resolution of the Board of Directors, a copy of an appropriate record of such action shall be certified by an Officer's Certificate and delivered to the Trustee at or prior to the delivery of the Officer's Certificate of the Company or the indenture supplemental hereto setting forth the terms of the Additional Notes.

This Indenture is unlimited in aggregate principal amount. The Original Notes and, if issued, any Additional Notes will be treated as a single class for all purposes under this Indenture, including with respect to voting, waivers, amendments, redemptions and offers to purchase, except as otherwise specified with respect to a new series of Additional Notes.

SECTION 2.02. Form and Dating

Provisions relating to the Notes are set forth in Appendix A, which is hereby incorporated in and expressly made a part of this Indenture. The (a) Original Notes and (b) any Additional Notes (if issued as Transfer Restricted Notes) shall each be substantially in the form of Exhibit A (in the event of Additional Notes, with such changes as may be required to reflect any differing terms), which is hereby incorporated in and expressly made a part of this Indenture. Any Additional Notes issued other than as Transfer Restricted Notes shall each be substantially in the form of Exhibit A (without the Restricted Notes Legend), which is hereby incorporated in and expressly made part of this Indenture. The Notes may have notations, legends or endorsements required by law, stock exchange rule, agreements to which the Issuers are subject, if any, or usage, *provided* that any such notation, legend or endorsement is in a form acceptable to the Company and the Trustee. Each Note shall be dated the date of its authentication. The Notes shall be issuable only in registered form without interest coupons and only in minimum denominations of \$200,000 and whole multiples of \$1,000 in excess thereof.

SECTION 2.03. Execution and Authentication

One Officer shall sign the Notes for each Issuer by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time the Trustee authenticates the Note, the Note shall be valid nevertheless.

A Note shall not be valid until an authorized signatory of the Trustee or an authentication agent manually signs the certificate of authentication on the Note. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The Trustee or an authentication agent shall authenticate and make available for delivery Notes as set forth in Appendix A following receipt of an authentication order signed by an Officer of each Issuer directing the Trustee or an authentication agent to authenticate such Notes.

The Trustee may appoint an authentication agent reasonably acceptable to the Issuers to authenticate the Notes. Any such appointment shall be evidenced by an instrument signed by a Responsible Officer, a copy of which shall be furnished to the Issuers. Unless limited by the terms of such appointment, an authentication agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authentication agent has the same rights as any Registrar, Paying Agent or agent for service of notices and demands.

SECTION 2.04. Registrar, Transfer Agent and Paying Agent

(a) The Issuers shall maintain a registrar (the “*Registrar*”) and a transfer agent in the Borough of Manhattan, City of New York where Notes may be presented for transfer or exchange (the “*Transfer Agent*”) and for payment (the “*Paying Agent*”). The Registrar shall keep a register of the Notes of their transfer and exchange. The Issuers initially appoint Deutsche Bank Trust Company Americas, in the Borough of Manhattan, City of New York, who has accepted such appointment, as Paying Agent for the Notes. The Issuers initially appoint Deutsche Bank Trust Company Americas, in the Borough of Manhattan, City of New York, who has accepted such appointment, as Registrar and Transfer Agent. In addition, the Issuers undertake to the extent possible, to use reasonable efforts to maintain a Paying Agent in a member state of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC regarding the taxation of savings income or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive (the “*Directive*”). Deutsche Bank Trust Company Americas will act as Registrar, Transfer Agent and Paying Agent in connection with the Global Notes with respect to the Notes settled through DTC.

(b) The Issuers shall enter into an appropriate agency agreement with any Registrar or Paying Agent not a party to or appointed under this Indenture. Such agreement shall implement the provisions of this Indenture that relate to such agent, including applicable terms of the TIA that are incorporated into this Indenture. Any Registrar or Paying Agent appointed hereunder shall be entitled to the benefits of this Indenture as though a party hereto. The Issuers shall notify the Trustee of the name and address of any such agent. If the Issuers fail to maintain a Registrar or Paying Agent, the Trustee shall act as such and shall be entitled to appropriate compensation therefor pursuant to Section 7.07. Either Issuer or any Subsidiary may act as Paying Agent or Registrar.

(c) The Issuers may change any Registrar, Paying Agent or Transfer Agent upon written notice to such Registrar, Paying Agent or Transfer Agent and to the Trustee, without prior notice to the Holders; *provided, however*, that no such removal shall become effective until (i) acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Issuers and such successor Registrar, Paying Agent, or Transfer Agent, as the case may be, and delivered to the Trustee or (ii) written notification to the Trustee that the Trustee shall, to the extent that it determines that it is able, serve as Registrar or Paying Agent or Transfer Agent until the appointment of a successor in accordance with clause (i) above; *provided, further*, that in no event may the Issuers appoint a Paying Agent in any member state of the European Union where the Paying Agent would be obliged to withhold or deduct tax in connection with any payment made by it in relation to the Notes unless the Paying Agent would be so obliged if it were located in all other member states. The Registrar, Paying Agent or Transfer Agent may resign by providing 30 days’ written notice to the Issuers and the Trustee.

(d) The Interest Amount shall be calculated by applying the applicable rate to the principal amount of each Note outstanding at the commencement of the interest period, computed on the basis of a 360-day year comprised of twelve 30-day months and rounding the resultant figure upwards to the nearest available currency unit. The determination of the Interest Amount by the Paying Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties.

SECTION 2.05. Paying Agent to Hold Money in Trust

No later than 10:00 a.m. New York time on each due date of the principal of, interest and premium (if any) on any Note, the Issuers shall deposit with the Paying Agent (or if either Issuer or a Restricted Subsidiary of either Issuer is acting as Paying Agent, segregate and hold in trust for the benefit of the Persons entitled thereto) a sum sufficient to pay such principal, interest and premium (if any) when so becoming due and subject to receipt of such monies, the Paying Agent shall make payment on the Notes in accordance with this Indenture. The Issuers shall require each Paying Agent to agree in writing (and each Paying Agent party to this Indenture agrees) that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, interest and premium (if any) on the Notes, but such Paying Agent may use such monies as banker in the ordinary course of business without accounting for profits (other than in the case of Article 8), and shall notify the Trustee of any default by the Issuers in making any such payment. If either Issuer or a Restricted Subsidiary acts as Paying Agent, it shall segregate the money held by it as Paying Agent and hold it as a separate trust fund. The Issuers at any time may require a Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed by the Paying Agent. Upon complying with this Section, the Paying Agent shall have no further liability for the money delivered to the Trustee. For the avoidance of doubt, the Paying Agent and the Trustee shall be held harmless and have no liability with respect to payments or disbursements to be made by the Paying Agent and Trustee for which payment instructions are not made or that are not otherwise deposited by the respective times set forth in this Section 2.05.

SECTION 2.06. Holder Lists

The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of Holders. If the Trustee is not the Registrar, the Issuers shall furnish, or cause the Registrar to furnish, to the Trustee, in writing at least five Business Days before each interest payment date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of Holders.

SECTION 2.07. Transfer and Exchange

The Notes shall be issued in registered form and shall be transferable only upon the surrender of a Note for registration of transfer and in compliance with Appendix A. When a Note is presented to the Registrar with a request to register a transfer, the Registrar shall register the transfer as requested if its requirements therefor are met. When Notes are presented to the Registrar with a written request to exchange them for an equal principal amount of Notes of other denominations, the Registrar shall make the exchange as requested if the same requirements are met. To permit registration of transfers and exchanges, the Issuers shall execute and the Trustee or an authentication agent shall authenticate Notes at the Registrar's request. The Issuers may require payment of a sum sufficient to pay all taxes, assessments or other governmental charges in connection with any transfer or exchange pursuant to this Section.

The Issuers are not required to register the transfer or exchange of any Notes (i) for a period of 15 days prior to any date fixed for the redemption of any Notes, (ii) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part or (iii) which the Holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Triggering Event.

Prior to the due presentation for registration of transfer of any Note, the Issuers, the Trustee, the Paying Agent, and the Registrar may deem and treat the Person in whose name a Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal and (subject to Section 2 of the Notes) interest, if any, on such Note and for all other purposes whatsoever, whether or not such Note is overdue, and none of either Issuer, the Trustee, the Paying Agent, or the Registrar shall be affected by notice to the contrary.

Any Holder of a Global Note shall, by acceptance of such Global Note, agree that transfers of beneficial interest in such Global Note may be effected only through a book-entry system maintained by (a) the Holder of such Global Note (or its agent) or (b) any Holder of a beneficial interest in such Global Note, and that ownership of a beneficial interest in such Global Note shall be required to be reflected in a book entry.

All Notes issued upon any transfer or exchange pursuant to the terms of this Indenture shall evidence the same debt and shall be entitled to the same benefits under this Indenture as the Notes surrendered upon such transfer or exchange.

SECTION 2.08. Replacement Notes

If a mutilated Note is surrendered to the Registrar or if the Holder of a Note claims that the Note has been lost, destroyed or wrongfully taken, the Issuers shall issue and the Trustee or an authentication agent shall authenticate a replacement Note if the requirements of Section 8-405 of the Uniform Commercial Code are met, such that the Holder (a) notifies the Issuers or the Trustee within a reasonable time after such Holder has notice of such loss, destruction or wrongful taking and the Registrar does not register a transfer prior to receiving such notification, (b) makes such request to the Issuers or the Trustee prior to the Note being acquired by a protected purchaser as defined in Section 8-303 of the Uniform Commercial Code (a "*protected purchaser*") and (c) satisfies any other reasonable requirements of the Trustee. If required by the Trustee or the Issuers, such Holder shall furnish an indemnity bond sufficient in the judgment of the Trustee and the Issuers to protect the Issuers, the Trustee, the Paying Agent and the Registrar from any loss that any of them may suffer if a Note is replaced. The Issuers and the Trustee may charge the Holder for their expenses in replacing a Note including reasonable fees and expenses of counsel. In the event any such mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Issuers in their discretion may pay such Note instead of issuing a new Note in replacement thereof.

Every replacement Note is an additional obligation of the Issuers.

The provisions of this Section 2.08 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, lost, destroyed or wrongfully taken Notes.

SECTION 2.09. Outstanding Notes

Notes outstanding at any time are all Notes authenticated by the Trustee or an authentication agent except for those canceled by it, those delivered to it for cancellation and those described in this Section 2.09 as not outstanding. Subject to Section 11.06, a Note does not cease to be outstanding because the Issuers or an Affiliate of either Issuer holds the Note.

If a Note is replaced pursuant to Section 2.08, it ceases to be outstanding unless the Trustee and the Issuers receive proof satisfactory to them that the replaced Note is held by a protected purchaser.

If the Paying Agent receives (or if either Issuer or a Restricted Subsidiary of either Issuer is acting as Paying Agent and such Paying Agent segregates and holds in trust) in accordance with this Indenture, on a redemption date or maturity date money sufficient to pay all principal and interest and premium, if any, payable on that date with respect to the Notes (or portions thereof) to be redeemed or maturing, as the case may be, and the Paying Agent is not prohibited from paying such amount to the Holders on that date pursuant to the terms of this Indenture, then on and after that date such Notes (or portions thereof) cease to be outstanding and interest on them ceases to accrue.

SECTION 2.10. Temporary Notes

In the event that Definitive Notes are to be issued under the terms of this Indenture, until such Definitive Notes are ready for delivery, the Issuers may prepare and the Trustee or an authentication agent shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Definitive Notes but may have variations that the Issuers consider appropriate for temporary Notes. Without unreasonable delay, the Issuers shall prepare and the Trustee or an authentication agent shall authenticate Definitive Notes and deliver them in exchange for temporary Notes upon surrender of such temporary Notes at the office or agency of the Issuers, without charge to the Holder.

SECTION 2.11. Cancellation

The Issuers at any time may deliver Notes to the Trustee for cancellation. The Registrar and the Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment or cancellation and shall dispose of canceled Notes in accordance with its customary procedures or deliver canceled Notes to the Issuers pursuant to written direction by an Officer of either Issuer. Certification of the destruction of all canceled Notes shall be delivered to the Issuers. The Issuers may not issue new Notes to replace Notes it has redeemed, paid or delivered to the Trustee for cancellation. Neither the Trustee nor an authentication agent shall authenticate Notes in place of canceled Notes other than pursuant to the terms of this Indenture.

SECTION 2.12. Common Codes, CUSIP and ISIN Numbers

The Issuers in issuing the Notes may use Common Codes, CUSIP and ISIN numbers (if then generally in use) and, if so, the Trustee shall use Common Codes, CUSIP and

ISIN numbers in notices of redemption as a convenience to Holders; *provided, however*, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Issuers will promptly notify the Trustee and the Paying Agent of any change in the Common Code, CUSIP or ISIN numbers.

SECTION 2.13. Currency.

The U.S. dollar, is the sole currency of account and payment for all sums payable by the Issuers under or in connection with the Notes, including damages. Any amount received or recovered in a currency other than the U.S. dollar, whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise by any Holder of a Note, as the case may be, or by the Trustee, in respect of any sum expressed to be due to it from the Issuers will only constitute a discharge to the Issuers to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).

If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient or the Trustee under any Note, the Issuers will indemnify them against any loss sustained by such recipient or the Trustee as a result. In any event, the Issuers will indemnify the recipient or the Trustee against the cost of making any such purchase. For the purposes of this currency indemnity provision, it will be prima facie evidence of the matter stated therein for the Holder of a Note or the Trustee to certify in a manner reasonably satisfactory to the Issuers (indicating the sources of information used) the loss it incurred in making any such purchase. These indemnities constitute a separate and independent obligation from the Issuers' other obligations, will give rise to a separate and independent cause of action, will apply irrespective of any waiver granted by any Holder of a Note or the Trustee (other than a waiver of the indemnities set out herein) and will continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or to the Trustee.

Except as otherwise specifically set forth herein, for purposes of determining compliance with any euro-denominated restriction herein, the Euro Equivalent amount for purposes hereof that is denominated in a non-euro currency shall be calculated based on the relevant currency exchange rate in effect on the date such non-euro amount is Incurred or made, as the case may be.

The Company may elect irrevocably to convert all euro-denominated restrictions into U.S. dollar-denominated restrictions at the applicable spot rate of exchange prevailing on the date of such election, and all references in this Indenture to determining Euro Equivalents and euro amounts shall apply *mutatis mutandis* as though referring to U.S. dollars.

ARTICLE 3

Redemption

SECTION 3.01. Notices to Trustee

If the Issuers elect to redeem Notes pursuant to Sections 5 or 6 of the Notes, they shall notify the Trustee and the relevant Paying Agent in writing of the redemption date and the principal amount of Notes to be redeemed and the section of the Note pursuant to which the redemption will occur.

The Issuers shall give each written notice to the Trustee and the relevant Paying Agent provided for in this Article 3 at least 15 days, but not more than 60 days, before the redemption date unless the Trustee or the relevant Paying Agent (as the case may be) consents to a shorter period. In the case of a redemption pursuant to Section 5 of the Notes, such notice shall be accompanied by an Officer's Certificate from the Issuers to the effect that such redemption will comply with the conditions herein.

In the case of a redemption provided for by Section 6 of the Note, prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuers will deliver to the Trustee and the relevant Paying Agent (a) an Officer's Certificate stating that they are entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to their right so to redeem have been satisfied and (b) an opinion of an independent tax counsel of recognized standing to the effect that the circumstances referred to above exist. The Trustee will accept such Officer's Certificate and opinion as sufficient existence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders. Any such notice may be canceled at any time prior to notice of such redemption being mailed to any Holder and shall thereby be void and of no effect.

SECTION 3.02. Selection of Notes To Be Redeemed or Repurchased

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuers, and in compliance with the requirements of DTC, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC, or DTC prescribes no method of selection, on a pro rata basis; *provided, however*, that no Note of \$200,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of \$1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this Section. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee or the Registrar, as applicable, shall notify the Issuers promptly of the Notes or portions of Notes to be redeemed.

SECTION 3.03. Notice of Redemption.

(a) At least 15 days but not more than 60 days before a date for redemption of Notes, the Issuers shall transmit a notice of redemption in accordance with Section 11.03 and as provided below to each Holder of Notes to be redeemed at such Holder's registered address; *provided, however*, that any notice of a redemption provided for by Section 6 of the Notes shall not be given earlier than 90 days prior to the earliest date on which the Payor would be obligated to make a payment of Additional Amounts unless at the time such notice is given, the obligation to pay Additional Amounts remains in effect.

The notice shall identify the Notes to be redeemed and shall state:

(1) the redemption date;

(2) the redemption price, and, if applicable, the appropriate calculation of such redemption price and the amount of accrued interest to the redemption date;

(3) the name and address of the Paying Agent;

(4) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price;

(5) if fewer than all the outstanding Notes are to be redeemed, the certificate numbers and principal amounts of the particular Notes to be redeemed;

(6) that, unless the Issuers default in making such redemption payment or the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture, interest on Notes (or portion thereof) called for redemption ceases to accrue on and after the redemption date;

(7) the Common Codes, CUSIP or ISIN number, as applicable, if any, printed on the Notes being redeemed; and

(8) that no representation is made as to the correctness or accuracy of the Common Codes, CUSIP or ISIN number, as applicable, if any, listed in such notice or printed on the Notes.

(b) At the Issuers' request, the Trustee shall give the notice of redemption in the Issuers' name and at the Issuers' expense. In such event, the Issuers shall provide the Trustee and the Paying Agent with the information required and within the time periods specified by this Section 3.03.

SECTION 3.04. Effect of Notice of Redemption

Once notice of redemption is delivered, Notes called for redemption cease to accrue interest, become due and payable on the redemption date and at the redemption price stated in the notice, *provided, however*, that any redemption notice given in respect of the redemption referred to in Section 5 of the Notes may, at the Issuers' discretion, be subject to the satisfaction of one or more conditions precedent to the extent permitted under such Section 5. Upon surrender to the Paying Agent, the Notes shall be paid at the redemption price stated in the

notice, plus accrued interest, if any, to the redemption date; *provided, however*, that if the redemption date is after a regular record date and on or prior to the interest payment date, the accrued interest shall be payable to the Holder of the redeemed Notes registered on the relevant record date. Failure to give notice or any defect in the notice to any Holder shall not affect the validity of the notice to any other Holder.

SECTION 3.05. Deposit of Redemption Price

No later than 10:00 a.m. New York time on the redemption date, the Issuers shall deposit with the relevant Paying Agent (or, if either Issuer or a Restricted Subsidiary of either Issuer is the Paying Agent, shall segregate and hold in trust) money sufficient to pay the redemption price of and accrued interest on all Notes or portions thereof to be redeemed on that date other than Notes or portions of Notes called for redemption that have been delivered by the Issuers to the Trustee for cancellation. On and after the redemption date, interest shall cease to accrue on Notes or portions thereof called for redemption so long as the Issuers have deposited with the Paying Agent funds sufficient to pay the principal of, plus accrued and unpaid interest, if any, on, the Notes to be redeemed, unless the Paying Agent is prohibited from making such payment pursuant to the terms of this Indenture. For the avoidance of doubt, the Paying Agent and the Trustee shall be held harmless and have no liability with respect to payments or disbursements to be made by the Paying Agent and Trustee for which payment instructions are not made or that are not otherwise deposited by the respective times set forth in this Section 3.05.

SECTION 3.06. Notes Redeemed in Part

Subject to the terms hereof, upon surrender of a Note that is redeemed in part, the Issuers shall execute, and the Trustee or an authentication agent shall authenticate, for the Holder (at the Issuers' expense) a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

SECTION 3.07. Publication

Where any notice is required to be published or delivered to DTC pursuant to this Indenture, the Issuers must provide the form of such notice to the Trustee and the Paying Agents at least 8 Business Days prior to the final date for publication unless the Trustee agrees to a shorter period.

ARTICLE 4

Covenants

SECTION 4.01. Payment of Notes

The Issuers shall promptly pay the principal of and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal and interest shall be considered paid on the date due if on such date the Trustee or the Paying Agent holds in accordance with this Indenture money sufficient to pay all principal and interest then due and the Trustee or the Paying Agent, as the case may be, is not prohibited from paying such money to the Holders on that date pursuant to the terms of this Indenture.

SECTION 4.02. Withholding Taxes

(a) All payments made by or on behalf of either Issuer, a Successor Company or a Guarantor (a “Payor”) on the Notes or the Note Guarantees will be made free and clear of and without withholding or deduction for, or on account of, any Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of:

(1) The Netherlands or any political subdivision or Governmental Authority thereof or therein having power to tax;

(2) any jurisdiction from or through which payment on any such Note or Note Guarantee is made by the Issuers, Successor Company, Guarantor or their agents, or any political subdivision or Governmental Authority thereof or therein having the power to tax; or

(3) any other jurisdiction in which the Payor is incorporated or organized, engaged in business for tax purposes, resident for tax purposes, or any political subdivision or Governmental Authority thereof or therein having the power to tax (each of clause (1), (2) and (3), a “*Relevant Taxing Jurisdiction*”),

will at any time be required from any payments made with respect to any Note or Note Guarantee, including payments of principal, redemption price, premium, if any, or interest, the Payor will pay (together with such payments) such additional amounts (the “*Additional Amounts*”) as may be necessary in order that the net amounts received in respect of such payments by the Holders or the Trustee, as the case may be, after such withholding or deduction (including any such deduction or withholding from such *Additional Amounts*), will not be less than the amounts which would have been received in respect of such payments on any such Note or Note Guarantee in the absence of such withholding or deduction; provided, however, that no such *Additional Amounts* will be payable for or on account of:

(1) any Taxes that would not have been so imposed but for the existence of any present or former connection between the relevant Holder or the beneficial owner of a Note (or between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder or beneficial owner, if the relevant Holder or beneficial owner is an estate, nominee, trust, partnership, limited liability company or corporation) and the Relevant Taxing Jurisdiction (including being a citizen or resident or national of, or carrying on a business or maintaining a permanent establishment or a dependent agent in, or being physically present in, the Relevant Taxing Jurisdiction) but excluding, in each case, any connection arising solely from the acquisition, ownership or holding of such Note or the receipt of any payment in respect thereof;

(2) any Taxes that are imposed or withheld by reason of the failure by the Holder or the beneficial owner of the Note to comply with a written request of the Payor addressed to the Holder, after reasonable notice, to provide certification, information, documents or other evidence concerning the nationality, residence, identity or connection with the Relevant

Taxing Jurisdiction of the Holder or such beneficial owner or to make any declaration or similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, regulation or administrative practice of the Relevant Taxing Jurisdiction as a precondition to exemption from all or part of such Taxes;

(3) any Taxes that are payable otherwise than by deduction or withholding from a payment of the principal of, premium, if any, or interest, if any, on the Notes;

(4) any estate, inheritance, gift, value added, sales, use, excise, transfer, personal property or similar Taxes;

(5) any Taxes that are required to be deducted or withheld on a payment to a Holder or beneficial owner and that are required to be made pursuant to the European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 on taxation of savings income or any law implementing or complying with, or introduced in order to conform to such directives;

(6) any Taxes imposed in connection with a Note presented for payment (where presentation is required for payment) by or on behalf of a Holder or beneficial owner who would have been able to avoid such Tax by presenting the relevant Note to, or otherwise accepting payment from, another paying agent; or

(7) any combination of the above.

Such Additional Amounts will also not be payable (x) if the payment could have been made without such deduction or withholding if the beneficiary of the payment had presented the Note for payment (where presentation is required for payment) within 15 days after the relevant payment was first made available for payment to the Holder or (y) where, had the beneficial owner of the Note been the Holder, such beneficial owner would not have been entitled to payment of Additional Amounts by reason of clauses (1) to (7) inclusive above.

(b) The Payor will (i) make any required withholding or deduction and (ii) remit the full amount deducted or withheld to the Relevant Taxing Jurisdiction in accordance with applicable law. The Payor will use all reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any Taxes so deducted or withheld from each Relevant Taxing Jurisdiction imposing such Taxes, in such form as provided in the ordinary course by the Relevant Taxing Jurisdiction and as is reasonably available to the Company and will provide such certified copies to the Trustee. Such copies shall be made available to the Holders upon request. The Payor will attach to each certified copy a certificate stating (x) that the amount of withholding Taxes evidenced by the certified copy was paid in connection with payments in respect of the principal amount of Notes then outstanding and (y) the amount of such withholding Taxes paid per \$1,000 principal amount of the Notes.

(c) If any Payor will be obligated to pay Additional Amounts under or with respect to any payment made on any Note or Note Guarantee, at least 30 days prior to the date of such payment, the Payor will deliver to the Trustee an Officer's Certificate stating the fact that Additional Amounts will be payable and the amount so payable and such other information necessary to enable the Paying Agent to pay Additional Amounts to Holders on the relevant

payment date (unless such obligation to pay Additional Amounts arises less than 45 days prior to the relevant payment date, in which case the Payor may deliver such Officer's Certificate as promptly as practicable after the date that is 30 days prior to the payment date). The Trustee shall be entitled to rely solely on such Officer's Certificate as conclusive proof that such payments are necessary.

(d) Wherever in this Indenture or the Note Guarantees there are mentioned, in any context:

- (1) the payment of principal,
- (2) purchase prices in connection with a purchase of Notes,
- (3) interest, or
- (4) any other amount payable on or with respect to any of the Notes,

such reference shall be deemed to include payment of Additional Amounts as described under this heading to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Payor will pay any present or future stamp, court or documentary taxes, or any other excise, property or similar Taxes that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, any Note Guarantees, this Indenture or any other document or instrument in relation thereto (other than a transfer or exchange of the Notes) excluding any such Taxes imposed by any jurisdiction that is not a Relevant Taxing Jurisdiction, and the Payor agrees to indemnify the Holders for any such taxes paid by such Holders. The foregoing obligations of this Section will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any subsequent Relevant Taxing Jurisdiction.

SECTION 4.03. Offer to Repurchase upon Change of Control Triggering Event

(a) Not later than 60 days following a Change of Control Triggering Event, unless the Issuers have exercised their right to redeem all of the Notes as described under Section 5 of the Notes, the Issuers will make an Offer to Purchase all of the outstanding Notes at a purchase price in cash equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to, but excluding, the purchase date. Notwithstanding anything to the contrary herein, an Offer to Purchase may be made in advance of a Change of Control Triggering Event, conditional upon the applicable Change of Control or Change of Control Triggering Event.

(b) An "Offer to Purchase" means an offer by the Company, the Co-Issuer or both Issuers to purchase Notes as required by this Indenture. An Offer to Purchase must be made by written offer (the "offer") sent to the Holders. The Issuers will notify the Trustee, at least 5 Business Days (or such shorter period as is acceptable to the Trustee) prior to sending the offer to Holders, of their obligation to make an Offer to Purchase, and the offer will be sent by the Company, the Co-Issuer or the Issuers or, at their written request, by the Trustee in their name and at their expense.

(c) The offer must include or state the following, which shall (where applicable) be the terms of the Offer to Purchase:

(1) the provision of this Indenture pursuant to which the Offer to Purchase is being made;

(2) the aggregate principal amount of the outstanding Notes offered to be purchased pursuant to the Offer to Purchase (the “purchase amount”);

(3) the purchase price, including the portion thereof representing accrued and unpaid interest (the “Purchase Price”);

(4) an expiration date not less than 30 days or more than 60 days after the date of the offer (the “Offer Expiration Date”) and a settlement date for purchase (the “purchase date”) not more than five Business Days after the Offer Expiration Date;

(5) that a Holder may tender all or any portion of its Notes pursuant to an Offer to Purchase, subject to the requirement that any portion of a Note tendered must be in denominations of \$200,000 principal amount and integral multiples of \$1,000 in excess thereof;

(6) the place or places where Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(7) that each Holder electing to tender a Note pursuant to the offer will be required to surrender such Note at the place or places specified in the offer prior to the close of business on the Offer Expiration Date (such Note being, if the Issuers or the Trustee so requires, duly endorsed or accompanied by a duly executed written instrument of transfer);

(8) that interest on any Note not tendered, or tendered but not purchased by the Company, the Co-Issuer or the Issuers, as applicable, pursuant to the Offer to Purchase, will continue to accrue;

(9) on the purchase date the Purchase Price will become due and payable on each Note accepted for purchase pursuant to the Offer to Purchase, and interest on Notes purchased will cease to accrue on and after the purchase date;

(10) a statement that, if Notes in an aggregate principal amount less than or equal to the purchase amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company, the Co-Issuer or the Issuers will purchase all such Notes;

(11) a statement that if any Note is purchased in part, new Notes equal in principal amount to the unpurchased portion of the Note will be issued;

(12) a statement that if any Note contains a CUSIP number, no representation is being made as to the correctness of the CUSIP number either as printed on the Notes or as contained in the offer and that the Holder should rely only on the other identification numbers printed on the Notes; and

(13) a statement that, if the Notes are held in book entry form, Holders must comply with the applicable procedures of the Depository.

(d) Prior to the purchase date, the Company, the Co-Issuers, or the Issuers, as applicable, will accept tendered Notes for purchase as required by the Offer to Purchase and deliver to the Trustee all Notes so accepted together with an Officers' Certificate specifying which Notes have been accepted for purchase. On the purchase date the Purchase Price will become due and payable on each Note accepted for purchase, and interest on Notes purchased will cease to accrue on and after the purchase date. The Trustee will promptly return to Holders any Notes not accepted for purchase and send to Holders new Notes equal in principal amount to any unpurchased portion of any Notes accepted for purchase in part.

(e) The Issuers will not be required to make an Offer to Purchase upon a Change of Control Triggering Event, with respect to the Notes of a series if (i) a third party makes the offer to purchase in the manner, at the times and otherwise in compliance with the requirements set forth pursuant to this Section 4.03 and purchases all such Notes validly tendered and not withdrawn under such Offer to Purchase or (ii) a notice of redemption has been given pursuant to Section 5 of the Notes.

(f) The Issuers will comply, to the extent applicable, with the requirements of Section 14(e) of the Exchange Act and any other securities laws or regulations (or rules of any exchange on which the Notes are then listed) in connection with the repurchase of Notes pursuant to this Section 4.03. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this Indenture, the Issuers will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached their obligations, or require a repurchase of the Notes, under the Change of Control Triggering Event provisions of this Indenture by virtue of the conflict.

SECTION 4.04. U.S. Federal Income Tax Treatment of the Co-Issuer

The Co-Issuer may not hold any material assets, become liable for any material obligations or engage in any business activities, provided that it may be a co-obligor or Guarantor with respect to the Notes or any other Indebtedness issued by the Company or a Guarantor, and may engage in any activities directly related thereto or necessary in connection therewith. The Co-Issuer is treated as a disregarded entity of the Company for U.S. federal income tax purposes, and for so long as any of the Notes remain outstanding, the Issuers will not take any action that is inconsistent with the Co-Issuer being treated as a disregarded entity of the Company for U.S. federal income tax purposes.

SECTION 4.05. Limitation on Liens

The Issuers will not, and will not permit any Significant Subsidiary to, issue or assume any Indebtedness if such Indebtedness is secured by a Lien, other than a Permitted Lien, upon any Principal Property of the Issuers or any Significant Subsidiary without:

(a) at the same time providing that the Notes and the obligations hereunder are directly, equally and ratably secured with (or prior to, in the case of Liens with respect to Subordinated Indebtedness) the Indebtedness secured by such Lien for so long as such Indebtedness is so secured; or

(b) providing such other Lien for the Notes and the obligations hereunder as may be approved by a majority in aggregate principal amount of Holders of Notes of such series.

SECTION 4.06. Limitation on Sale and Leaseback Transactions

The Issuers will not, and will not permit any Significant Subsidiary to, enter into any Sale and Leaseback Transaction with respect to any Principal Property unless:

(a) the Company or such Significant Subsidiary would be entitled to incur Indebtedness secured by a mortgage on the property to be leased in an amount equal to Attributable Liens with respect to such Sale and Leaseback Transaction without equally and ratably securing the Notes of such series pursuant to Section 4.05 of this Indenture;

(b) the net proceeds of the sale of the Principal Property to be leased are applied within 365 days of the effective date of the Sale and Leaseback Transaction to (i) the purchase, construction, development or acquisition of another Principal Property or (ii) the repayment of (x) any series of Notes, (y) Indebtedness of the Issuers that ranks equally with, or is senior to, the Notes or (z) any Indebtedness of one or more Significant Subsidiaries; provided, in each case, that in lieu of applying such amount to such retirement, the Issuers may deliver Notes to the Trustee for cancellation, such Notes to be credited at the cost thereof to the Issuers;

(c) such Sale and Leaseback Transaction was entered into prior to the Issue Date or will be entered into in relation to the Merger;

(d) such Sale and Leaseback Transaction involves a lease for not more than three years (or which may be terminated by the Company or a Significant Subsidiary within a period of not more than three years); or

(e) such Sale and Leaseback Transaction with respect to any Principal Property was between only the Company and a Subsidiary of the Company or only between Subsidiaries of the Company.

SECTION 4.07. Guarantees by Subsidiaries

The following Subsidiaries will, subject to the Agreed Security Principles, jointly and severally, guarantee the Notes on a senior unsecured basis on the Issue Date in accordance with Article 10: NXP Semiconductors Netherlands B.V. and NXP Semiconductors USA, Inc.

SECTION 4.08. Compliance Certificate

The Company shall deliver to the Trustee within 120 days after the end of each fiscal year, an Officer's Certificate in substantially the form of Exhibit C hereto stating that a review of the activities of the Company during the preceding fiscal year has been made under the supervision of the signing Officer with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under this Indenture, and further stating, as to the Officer signing such Officer's Certificate, that to the best of his or her knowledge, the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Issuers are taking or propose to take with respect thereto) and that to the best of his or her knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest or Additional Amounts, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto, and reciting the details of such action. Within 30 days after the occurrence of a Default, the Company shall deliver to the Trustee a written notice of any events of which it is aware would constitute certain Defaults their status and what action the Company is taking or proposes to take with respect thereto.

The Trustee shall not be deemed to have knowledge of any Default or Event of Default except any Default or Event of Default of which its Responsible Officer shall have received written notification in accordance with Section 11.03 or obtained actual knowledge.

SECTION 4.09. Further Instruments and Acts

Upon request of the Trustee, the Issuers shall execute and deliver such further instruments and do such further acts as may be reasonably necessary or proper to carry out more effectively the purpose of this Indenture.

ARTICLE 5

Successor Company

SECTION 5.01. Merger and Consolidation of the Company.

(a) The Company will not consolidate with or merge with or into, or sell, assign, convey, transfer, lease or otherwise dispose of all or substantially all its assets, as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or permit any Person to consolidate with or merge with or into it, unless:

(1) either (a) the Company will be the surviving Person of any such consolidation or merger or any such sale, assignment, conveyance, lease, transfer or other disposition or (b) the resulting, surviving or transferee Person of any such consolidation or merger or any such sale, assignment, conveyance, lease, transfer or other disposition will be a Person organized and existing under the laws of any member state of the European Union on January 1,

2004, the United States of America, any state thereof or the District of Columbia, Canada or any province of Canada, Norway or Switzerland (or, a Person not organized under such laws which agrees (i) to submit to the jurisdiction of the United States district court for the Southern District of New York, and (ii) to indemnify and hold harmless the Holders against certain Taxes and expenses due as a result of such transaction, if any), and such Person expressly assumes, by supplemental indenture, executed and delivered to the Trustee, in form reasonably satisfactory to the Trustee, all the obligations of the Company under the Notes and this Indenture (any such Person under (a) or (b), a “Successor Company”)

(2) immediately after giving effect to such transaction (and treating any Indebtedness that becomes an obligation of the Successor Company or any Subsidiary of the Successor Company as a result of such transaction as having been incurred by the Successor Company or such Subsidiary at the time of such transaction), no Default or Event of Default shall have occurred and be continuing; and

(3) the Company shall have delivered to the Trustee (i) an Officer’s Certificate and an Opinion of Counsel, each to the effect that such transaction and such supplemental indenture (if any) comply with this Indenture and (ii) an Opinion of Counsel to the effect that such supplemental indenture (if any) has been duly authorized, executed and delivered and is a legal, valid and binding agreement enforceable against the Successor Company (in each case, in form and substance reasonably satisfactory to the Trustee), *provided* that, in each case in giving an Opinion of Counsel, counsel may rely on an Officer’s Certificate as to any matters of fact, including as to satisfaction of Sections 5.01(a)(2).

The restriction in Section 5.01(a)(3) shall not be applicable to (A) the consolidation with or merger with or into the Company, or the sale, assignment, conveyance, lease, transfer or other disposition of the all or substantially all the Company’s assets to an Affiliate, if an Officer or our Board of Directors determines in good faith that the purpose of such transaction is principally to change the Company’s state of incorporation or convert the Company’s form of organization to another form; or (B) the consolidation with or merger with or into the Company, or the sale, assignment, conveyance, lease, transfer or other disposition of the all or substantially all the Company’s assets to a single Wholly Owned Subsidiary in accordance with applicable law, provided that, if no supplemental indenture needs to be executed in relation to such transaction, the Company will notify the Trustee of such transaction (but no Officer’s Certificate or Opinion of Counsel shall need to be delivered to the Trustee in relation thereto).

(b) If any consolidation or merger or any sale, assignment, conveyance, lease, transfer or other disposition of all or substantially all of the Company’s assets occurs in accordance with this Indenture, the Successor Company (if other than the Company) will succeed to, and be substituted for the Company and may exercise every right and power under this Indenture and the Notes with the same effect as if such Successor Company had been named in the Company’s place in this Indenture, and the Company will be released from all its obligations and covenants under this Indenture and the Notes.

SECTION 5.02. Merger and Consolidation of the Co-Issuer

(a) The Co-Issuer may not consolidate with, merge with or into any Person or permit any Person to merge with or into the Co-Issuer unless concurrently therewith, a Subsidiary of the Company that is a limited liability company or corporation organized under the laws of the United States of America, any state thereof or the District of Columbia (which may be the Co-Issuer or the continuing Person as a result of such transaction) expressly assumes all the obligations of the Co-Issuer under the Notes and this Indenture.

(b) Upon the consummation of any transaction effected in accordance with Section 5.02(a), the resulting, surviving Co-Issuer will succeed to, and be substituted for the Co-Issuer and may exercise every right and power under this Indenture and the Notes with the same effect as if such successor Person had been named in the Co-Issuer's place in this Indenture and the Co-Issuer will be released from all its obligations and covenants under this Indenture and the Notes.

(c) Any such surviving or transferee Co-Issuer must be a disregarded entity for U.S. federal income tax purposes, which is either a direct Wholly Owned Subsidiary of the Company, or held through one or more Subsidiaries of the Company that are treated as disregarded entities for U.S. federal income tax purposes.

SECTION 5.03. Merger and Consolidation of a Guarantor

(a) No Guarantor may:

(1) consolidate with or merge with or into any Person, or

(2) sell, convey, transfer or dispose of all or substantially all its assets, as an entirety or substantially as an entirety, in one transaction or a series of related transactions, to any Person, or

(3) permit any Person to merge with or into the Guarantor

unless

(A) the other Person is the Company or a Guarantor (or becomes a Guarantor concurrently with the transaction); or

(B) (1) either (x) a Guarantor is the continuing Person or (y) the resulting, surviving or transferee Person expressly assumes all of the obligations of the Guarantor under its Note Guarantee; and (2) immediately after giving effect to the transaction, no Default has occurred and is continuing; or

(C) the transaction constitutes a sale or other disposition (including by way of consolidation or merger) of the Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor otherwise permitted by this Indenture.

Defaults and Remedies

SECTION 6.01. Events of Default

(a) An “*Event of Default*” occurs if or upon:

(1) default in any payment of interest or Additional Amounts, if any, on any Note when due and payable, if that default continues for a period of 30 days, or failure to comply for 30 days with the notice provisions in connection with a Change of Control Triggering Event;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under this Indenture when due at its Stated Maturity or upon optional redemption or otherwise (including the failure to pay the repurchase price for such Notes tendered pursuant to an Offer to Purchase), if that default or failure continues for a period of two days;

(3) failure to comply for 90 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with any of the Issuers’ obligations under Article 4 or 5 (in each case, other than an Event of Default under Section 6.01 (a)(1) or 6.01(a)(2));

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by either Issuer or any of its Significant Subsidiaries (or the payment of which is Guaranteed by either Issuer or any of its Significant Subsidiaries) other than Indebtedness owed to either Issuer or a Significant Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness; or

(b) results in the acceleration of such Indebtedness prior to its maturity;

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €200.0 million or more;

(5) either Issuer or a Significant Subsidiary institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar office is appointed without the application or consent of such Person and the appointment

continues undischarged or unstayed for 60 calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property or assets is instituted without the consent of such Person and continues undismissed or unstayed for 60 calendar days, or an order for relief is entered in any such proceeding;

(6) failure by the Issuers or any Significant Subsidiary to pay final judgments aggregating in excess of €200.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and non-appealable; and

(7) any Guarantee ceases to be in full force and effect, other than in accordance with the terms of this Indenture or a Guarantor denies or disaffirms in writing its obligations under its Guarantee, other than in accordance with the terms thereof or upon release of the Guarantee in accordance with this Indenture.

(b) A default under Sections 6.01(a)(3), or 6.01(a)(6) will not constitute an Event of Default until the Trustee or the Holders of 30% in aggregate principal amount of the outstanding Notes under this Indenture notify the Issuers of the default and the Issuers do not cure such default within the time specified in Sections 6.01(a)(3), or 6.01(a)(6), as applicable, after receipt of such notice.

SECTION 6.02. Acceleration

(a) If an Event of Default (other than an Event of Default described in Section 6.01(a)(5) above) occurs and is continuing the Trustee by notice to either Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes under this Indenture by written notice to either Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes under this Indenture to be due and payable. Upon such a declaration, such principal, premium and accrued and unpaid interest, including Additional Amounts, if any, will be due and payable immediately. In the event of a declaration of acceleration of the Notes because an Event of Default described in Section 6.01(a)(4) has occurred and is continuing, the declaration of acceleration of the Notes shall be automatically annulled if the event of default or payment default triggering such Event of Default pursuant to Section 6.01(a)(4) shall be remedied or cured, or waived by the holders of the Indebtedness, or the Indebtedness that gave rise to such Event of Default shall have been discharged in full, within 30 days after the declaration of acceleration with respect thereto and if (1) the annulment of the acceleration of the Notes would not conflict with any judgment or decree of a court of competent jurisdiction and (2) all existing Events of Default, except nonpayment of principal, premium or interest, including Additional Amounts, if any, on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

(b) If an Event of Default described in Section 6.01(a)(5) above occurs and is continuing, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

SECTION 6.03. Other Remedies

Subject to the duties of the Trustee as provided for in Article 7, if an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal of or interest on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All available remedies are cumulative to the extent permitted by law.

SECTION 6.04. Waiver of Past Defaults

Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may, on behalf of the Holders of all the Notes, waive all past or existing Defaults or Events of Default except a continuing Default in the payment of the principal, premium or interest, and Additional Amounts, if any, on the Notes and rescind any acceleration with respect to the Notes and its consequences if rescission would not conflict with any judgment or decree of a court of competent jurisdiction. When a Default is waived, it is deemed cured, but no such waiver shall extend to any subsequent or other Default or impair any consequent right.

SECTION 6.05. Control by Majority

The Holders of a majority in aggregate principal amount of the Notes then outstanding may direct in writing the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or of exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture or, subject to Section 7.01, that the Trustee determines is unduly prejudicial to the rights of other Holders or would involve the Trustee in personal liability; *provided, however*, that the Trustee may take any other action deemed proper by the Trustee that is not inconsistent with such direction. Prior to taking any action hereunder, the Trustee shall be entitled to indemnification or other security reasonably satisfactory to it against all losses, liabilities and expenses caused by taking or not taking such action.

SECTION 6.06. Limitation on Suits

(a) Except to enforce the right to receive payment of principal or interest when due on the Notes, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

- (1) such Holder has previously given to the Trustee written notice that an Event of Default is continuing;

remedy;

(2) Holders of at least 30% in aggregate principal amount of the outstanding Notes have requested in writing the Trustee to pursue the

(3) such Holders have offered in writing to the Trustee reasonable security or indemnity against any loss, liability or expense;

indemnity; and

(4) the Trustee has not complied with such request within 60 days after the receipt of the written request and the offer of security or

(5) the Holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a written direction that, in the opinion of the Trustee, is inconsistent with such request within such 60-day period.

(b) A Holder may not use this Indenture to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

SECTION 6.07. Rights of Holders to Receive Payment

Notwithstanding any other provision of this Indenture, the right of any Holder to receive payment of principal of and interest on the Notes held by such Holder, on or after the respective due dates expressed or provided for in the Notes, or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

SECTION 6.08. Collection Suit by Trustee

If an Event of Default specified in Sections 6.01(a)(1) or 6.01(a)(2) occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust against the Issuers or any other obligor on the Notes for the whole amount then due and owing (together with interest on any unpaid interest to the extent lawful) and the amounts provided for in Section 7.07.

SECTION 6.09. Trustee May File Proofs of Claim

The Trustee may file such proofs of claim and other papers or documents and take such actions as may be necessary or advisable in order to have the claims of the Trustee and the Holders allowed in any judicial proceedings relative to the Issuers, their creditors or their property and, unless prohibited by law or applicable regulations, may vote on behalf of the Holders in any election of a trustee in bankruptcy or other Person performing similar functions, and any Custodian in any such judicial proceeding is hereby authorized by each Holder to make payments to the Trustee and, in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and its counsel, and any other amounts due the Trustee under Section 7.07.

SECTION 6.10. Priorities

If the Trustee collects any money or property pursuant to this Article 6, including upon enforcement of any Liens, it shall pay out the money or property in the following order:

FIRST: to the Trustee, the Registrar, the Transfer Agent and the Paying Agents for amounts due under Section 7.07;

SECOND: to Holders for amounts due and unpaid on the Notes for principal and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest, respectively; and

THIRD: to the Issuers.

The Trustee may fix a record date and payment date for any payment to Holders pursuant to this Section 6.10. At least 15 days before such record date, the Trustee shall mail to each Holder and the Issuers a notice that states the record date, the payment date and amount to be paid.

SECTION 6.11. Undertaking for Costs

In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as the Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section 6.11 does not apply to a suit by the Trustee or a Paying Agent, a suit by a Holder pursuant to Section 6.07 or a suit by Holders of more than 10% in principal amount of the Notes then outstanding.

SECTION 6.12. Waiver of Stay or Extension Laws

The Issuers (to the extent they may lawfully do so) shall not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Issuers (to the extent that they may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and shall not hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7

Trustee

SECTION 7.01. Duties of Trustee

(a) The duties and responsibilities of the Trustee are as provided by the TIA and as set forth herein. If an Event of Default has occurred and is continuing, the Trustee shall exercise the rights and powers vested in it by this Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default:

(i) the Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of willful misconduct on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine such certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein).

(c) The Trustee may not be relieved from liability for its own grossly negligent action, its own grossly negligent failure to act or its own willful misconduct, except that:

(i) this Section 7.01(c) does not limit the effect of Section 7.01(b);

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Sections 6.02 or 6.05;

(d) Every provision of this Indenture that in any way relates to the Trustee is subject to Sections 7.01(a), 7.01(b) and 7.01(c) and the TIA.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur liability in the performance of any of its duties hereunder to take or omit to take any action under this Indenture or take any action at the request or direction of Holders, if it has reasonable grounds for believing that repayment of such funds is not assured to it or it does not receive indemnity reasonably satisfactory to it in its discretion against any loss, liability or expense which might reasonably be incurred by it in compliance with such request or direction nor shall the Trustee be required to do anything which is illegal or contrary to applicable laws. The Trustee will not be liable to the Holders if prevented or delayed in performing any of its obligations or discretionary functions under this Indenture by reason of any present or future law applicable to it, by any governmental or regulatory authority or by any circumstances beyond its control.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Issuers.

(g) Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law.

SECTION 7.02. Rights of Trustee.

Subject to TIA Sections 315(a) through (d):

(a) The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion, based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction or, to the extent applicable, the State of New York. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction, or, to the extent applicable, the State of New York or if it is determined by any court or other competent authority in that jurisdiction, or, to the extent applicable, in the State of New York, that it does not have such power.

(b) The Trustee may conclusively rely and shall be fully protected in relying on any document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(c) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officer's Certificate or Opinion of Counsel.

(d) The Trustee may act through attorneys and agents and shall not be responsible for the misconduct or negligence of any agent appointed with due care.

(e) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers conferred upon it by this Indenture; *provided, however*, that the Trustee's conduct does not constitute willful misconduct or negligence.

(f) The Trustee may retain professional advisers to assist it in performing its duties under this Indenture. The Trustee may consult with counsel, and the advice or opinion of counsel with respect to legal matters relating to this Indenture and the Notes shall be full and complete authorization and protection from liability in respect of any action taken, omitted or suffered by it hereunder in good faith and in accordance with the advice or opinion of such counsel.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any Officer's Certificate, Opinion of Counsel, or any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture, note, other evidence of indebtedness or other paper or

document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Issuer, personally or by agent or attorney at the sole cost of the Issuers.

(h) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Holders pursuant to the provisions of this Indenture, unless such Holders shall have offered to the Trustee indemnity or other security reasonably satisfactory to the Trustee against the costs, expenses and liabilities which may be incurred by it in compliance with such request, order or direction.

In the event the Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of Holders, each representing less than the requisite majority in aggregate principal amount of the Notes then outstanding, pursuant to the provisions of this Indenture, the Trustee, in its sole discretion, may determine what action, if any, shall be taken and shall be held harmless and shall not incur any liability for its failure to act until such inconsistency or conflict is, in its reasonable opinion, resolved.

(i) Except with respect to Section 4.01, the Trustee shall have no duty to inquire as to the performance of the Issuers with respect to the covenants contained in Article 4.

(j) The Trustee shall not have any obligation or duty to monitor, determine or inquire as to compliance, and shall not be responsible or liable for compliance with restrictions on transfer, exchange, redemption, purchase or repurchase, as applicable, of minimum denominations imposed under this Indenture or under applicable law or regulation with respect to any transfer, exchange, redemption, purchase or repurchase, as applicable, of any interest in any Notes.

(k) If any Note Guarantor is substituted to make payments on behalf of the Issuers pursuant to Article 10, the Issuers shall promptly notify the Trustee of such substitution.

(l) The rights, privileges, protections, immunities and benefits given to the Trustee, including its right to be indemnified, are extended to, and shall be enforceable by the Trustee in its capacity hereunder and by each agent (including Deutsche Bank Trust Company Americas) and custodian and other Person employed with due care to act as agent hereunder (including without limitation each Transfer Agent and Paying Agent). Each Paying Agent and Transfer Agent shall not be liable for acting in good faith on instructions believed by it to be genuine and from the proper party.

(m) The Trustee shall not be required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Indenture.

(n) The permissive right of the Trustee to take the actions permitted by this Indenture will not be construed as an obligation or duty to do so.

(o) Anything in this Indenture to the contrary notwithstanding, in no event shall the Trustee be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action

(p) The Trustee may assume without inquiry in the absence of actual knowledge that the Issuers are each duly complying with their obligations contained in this Indenture required to be performed and observed by them, and that no Default or Event of Default or other event which would require repayment of the Notes has occurred.

SECTION 7.03. Individual Rights of Trustee

The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Issuers or their Affiliates with the same rights it would have if it were not Trustee. For the avoidance of doubt, any Paying Agent, Transfer Agent or Registrar may do the same with like rights.

SECTION 7.04. Trustee's Disclaimer

The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Issuers' use of the proceeds from the Notes or any money paid to the Issuers or upon the Issuers' direction under any provision of this Indenture, and it shall not be responsible for any statement of the Issuers in this Indenture or in any document issued in connection with the sale of the Notes or in the Notes other than the Trustee's certificate of authentication. The Trustee shall not be charged with knowledge of the identity of any Significant Subsidiary unless either (a) a Responsible Officer shall have actual knowledge thereof or (b) the Trustee shall have received notice thereof in accordance with Section 11.03 hereof from the Issuers or any Holder.

SECTION 7.05. Notice of Defaults

If a Default or Event of Default occurs and is continuing and the Trustee is informed of such occurrence by either Issuer, the Trustee must give notice of the Default to the Holders within 60 days after the Trustee is informed of such occurrence. Except in the case of a Default in payment of principal of or interest or premium, if any, on any Note, the Trustee may withhold the notice if and so long as a committee of its trust officers of the Trustee in good faith determines that withholding the notice is in the interests of Holders. Notice to Holders under this Section will be given in the manner and to the extent provided in TIA Section 313(c).

SECTION 7.06. [Reserved]

SECTION 7.07. Compensation and Indemnity

The Issuers, or, upon the failure of the Issuers to pay, each Note Guarantor (if any), jointly and severally, shall pay to the Trustee from time to time such compensation as the Issuers and Trustee may from time to time agree for its acceptance of this Indenture and services hereunder and under the Notes. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust.

In the event of the occurrence of an Event of Default or the Trustee considering it expedient or necessary or being requested by the Issuers to undertake duties which the Trustee and the Issuers agree to be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee, the Issuers shall pay to the Trustee such additional remuneration as shall be agreed between them.

The Issuers and each Note Guarantor (if any), jointly and severally, shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it (as evidenced in an invoice from the Trustee), including costs of collection, in addition to the compensation for its services. Such expenses shall include the properly incurred compensation and expenses, disbursements and advances of the Trustee's agents, counsel, accountants and experts. The Issuers and each Note Guarantor (if any), jointly and severally shall indemnify the Trustee and the Paying Agents and their respective officers, directors, agents and employers against any and all loss, liability, taxes or expenses (including reasonable attorneys' fees) incurred by or in connection with the acceptance or administration of its duties this Indenture and the Notes including the costs and expenses of enforcing under this Indenture against the Issuers (including this Section 7.07) and defending itself against any claim (whether asserted by the Issuers or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder.

The Trustee shall notify the Issuers of any claim for which it may seek indemnity promptly upon obtaining actual knowledge thereof; *provided, however*, that any failure so to notify the Issuers shall not relieve the Issuers or any Note Guarantor of its indemnity obligations hereunder. Except in cases where the interests of the Issuers and the Trustee may be adverse, the Issuers shall defend the claim and the indemnified party shall provide reasonable cooperation at the Issuers' and any Note Guarantor's expense in the defense. Notwithstanding the foregoing, such indemnified party may, in its sole discretion, assume the defense of the claim against it and the Issuers and any Note Guarantor shall, jointly and severally, pay the reasonable fees and expenses of the indemnified party's defense (as evidenced in an invoice from the Trustee). Such indemnified parties may have separate counsel of their choosing and the Issuers and any Note Guarantor, jointly and severally, shall pay the reasonable fees and expenses of such counsel (as evidenced in an invoice from the Trustee); *provided, however*, that the Issuers shall not be required to pay such fees and expenses if it assumes such indemnified parties' defense and, in such indemnified parties' reasonable judgment, there is no conflict of interest between the Issuers and any Note Guarantor, as applicable, and such parties in connection with such defense. The Issuers need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld. The Issuers need not reimburse any expense or indemnify against any loss, liability or expense incurred by an indemnified party through such party's own willful misconduct, negligence or bad faith.

To secure the Issuers' and any Note Guarantor's payment obligations in this Section 7.07, the Trustee and the Paying Agents have a lien prior to the Notes on all money or property held or collected by the Trustee other than money or property held in trust to pay principal of and interest on particular Notes.

The Issuers' and any Note Guarantor's payment obligations pursuant to this Section and any lien arising thereunder shall survive the satisfaction or discharge of this Indenture, any rejection or termination of this Indenture under any Debtor Relief Law or the resignation or removal of the Trustee and the Paying Agents. Without prejudice to any other rights available to the Trustee and the Paying Agents under applicable law, when the Trustee and the Paying Agents incur expenses after the occurrence of a Default specified in Section 6.01(a)(6) with respect to the Issuers, the expenses are intended to constitute expenses of administration under the Debtor Relief Law.

In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether such Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

For the avoidance of doubt, the rights, privileges, protections, immunities and benefits given to the Trustee in this Section 7.07, including its right to be indemnified, are extended to, and shall be enforceable by the Trustee in each of its capacities hereunder including, without limitation, as Registrar, Transfer Agent and Paying Agent, and by each agent (including Deutsche Bank Trust Company Americas), custodian and other Person employed with due care to act as agent hereunder.

SECTION 7.08. Replacement of Trustee

(a) The Trustee may resign at any time by so notifying the Issuers. If the Trustee is no longer eligible under Section 7.10 or in the circumstances described in TIA Section 310(b), any Holder that satisfies the requirements of TIA Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee in writing and the appointment of a successor Trustee. The Holders of a majority in principal amount of the Notes then outstanding may remove the Trustee by so notifying the Trustee and may appoint a successor Trustee. The Issuers shall be entitled to remove the Trustee or any Holder who has been a bona fide Holder for not less than six months may petition any court for removal of the Trustee and appointment of a successor Trustee, if:

- (i) the Trustee has or acquires a conflict of interest that is not eliminated;
- (ii) the Trustee is adjudged bankrupt or insolvent;
- (iii) a receiver or other public officer takes charge of the Trustee or its property; or;
- (iv) the Trustee otherwise becomes incapable of acting as Trustee hereunder.

(b) If the Trustee resigns, is removed pursuant to Section 7.08(a) or if a vacancy exists in the office of Trustee for any reason (the Trustee in such event being referred to herein as the retiring Trustee), the Issuers shall promptly appoint a successor Trustee.

(c) A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Issuers. Thereupon the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, *provided*, that all sums owing to the Trustee hereunder have been paid and subject to the lien provided for in Section 7.07 and the recognition of the retiring Trustee's lien thereto by the successor Trustee.

(d) If a successor Trustee does not take office within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee or the Holders of 10% in principal amount of the Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(e) If the Trustee fails to comply with Section 7.10, unless the Trustee's duty to resign is stayed as provided in Section 310(b) of the TIA, any Holder may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(f) Notwithstanding the replacement of the Trustee pursuant to this Section, the Issuers' obligations under Section 7.07 shall continue for the benefit of the retiring Trustee.

(g) For the avoidance of doubt, the rights, privileges, protections, immunities and benefits given to the Trustee in this Section 7.08, including its right to be indemnified, are extended to, and shall be enforceable by each Paying Agent, Transfer Agent and Registrar employed to act hereunder.

(h) The Trustee agrees to give the notices provided for in, and otherwise comply with, TIA Section 310(b).

SECTION 7.09. Successor Trustee by Merger

If the Trustee consolidates with, merges or converts into, or transfers all or substantially all its corporate trust business or assets to, another corporation or banking association, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee.

In case at the time such successor or successors by merger, conversion or consolidation to the Trustee shall succeed to the trusts created by this Indenture any of the Notes shall have been authenticated but not delivered, any such successor to the Trustee may adopt the certificate of authentication of any predecessor trustee, and deliver such Notes so authenticated; and in case at that time any of the Notes shall not have been authenticated, any successor to the Trustee may authenticate such Notes either in the name of any predecessor hereunder or in the name of the successor to the Trustee; and in all such cases such certificates shall have the full force which it is anywhere in the Notes or in this Indenture provided that the certificate of the Trustee shall have.

SECTION 7.10. Eligibility

The Indenture must always have a Trustee that satisfies the requirements of TIA Section 310(b) and has a combined capital and surplus of at least \$25,000,000 as set forth in its most recent published annual report of condition.

SECTION 7.11. Certain Provisions

Each Holder by accepting a Note authorizes and directs on his or her behalf the Trustee to enter into and to take such actions and to make such acknowledgements as are set forth in this Indenture or other documents entered into in connection therewith. The Trustee shall not be responsible for the legality, validity, effectiveness, suitability, adequacy or enforceability of any obligation or rights created or purported to be created thereby or pursuant thereto, nor shall it be responsible or liable to any person because of any invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decision of any court.

SECTION 7.12. Preferential Collection of Claims Against Issuer

The Trustee shall comply with Section 311(a) of the TIA, excluding any creditor relationship listed in Section 311(b) of the TIA. A Trustee who has resigned or been removed shall be subject to Section 311(a) of the TIA to the extent indicated.

ARTICLE 8

Discharge of Indenture; Defeasance

SECTION 8.01. Discharge of Liability on Notes; Defeasance

(a) Any Note Guarantees and this Indenture will be discharged and cease to be of further effect (except as to surviving rights of conversion or transfer or exchange of the Notes, as expressly provided for in this Indenture) as to all outstanding Notes when (1) either (a) all the Notes previously authenticated and delivered (other than certain lost, stolen or destroyed Notes and certain Notes for which provision for payment was previously made and thereafter the funds have been released to the Issuers) have been delivered to the Trustee for cancellation; or (b) all Notes not previously delivered to the Trustee for cancellation (i) have become due and payable, (ii) will become due and payable at their Stated Maturity within one year or (iii) are to be called for redemption within one year under arrangements reasonably satisfactory to the Trustee for the giving of notice of redemption by the Trustee in the name, and at the expense, of the Issuers; (2) the Issuers have deposited or caused to be deposited with the Trustee (or such entity designated by the Trustee for this purpose) money, U.S. Government Obligations, or a combination thereof, as applicable, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not previously delivered to the Trustee for cancellation, for principal, premium, if any, and interest to the date of deposit (in the case of Notes that have become due and payable), or to the Stated Maturity or redemption date, as the case may be; (3) the Issuers have paid or caused to be paid all other sums payable under this

Indenture; and (4) the Issuers have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel each to the effect that all conditions precedent under this Section 8.01 have been complied with, provided that any such counsel may rely on any Officer's Certificate as to matters of fact (including as to compliance with the foregoing clauses (1), (2) and (3)).

(b) Subject to Sections 8.01(c) and 8.02, either Issuer at any time may terminate (i) all of its obligations and all obligations of each Note Guarantor (if any) under the Notes, any Note Guarantees and this Indenture ("legal defeasance option") or (ii) its obligations under Article 4 (other than Sections 4.01, 4.02 and 4.04) and under Article 5 (other than Sections 5.01(a)(1) and 5.01(a)(2)), and thereafter any omission to comply with such obligations shall not constitute a Default or an Event of Default with respect to the Notes, and the operation of Sections 6.01(a)(3) (other than with respect to Sections 5.01(a)(1) and 5.01(a)(2)), 6.01(a)(4), 6.01(a)(5), 6.01(a)(6) (with respect to the Issuers and Significant Subsidiaries) and 6.01(a)(7) ("covenant defeasance option"). The Issuers at their option at any time may exercise their legal defeasance option notwithstanding their prior exercise of their covenant defeasance option. In the event that the Issuers terminate all of their obligations under the Notes and this Indenture by exercising its legal defeasance option, the obligations under any Note Guarantees shall each be terminated simultaneously with the termination of such obligations.

If the Issuers exercise their legal defeasance option or its covenant defeasance option, each Note Guarantor (if any) will be released from all its obligations under its Note Guarantee.

Upon satisfaction of the conditions set forth herein and upon request of the Issuers, the Trustee shall acknowledge in writing the discharge of those obligations that the Issuers terminate.

(c) Notwithstanding Sections 8.01(a) and (b) above, the Issuers' and any Note Guarantors' obligations in Sections 2.04, 2.05, 2.06, 2.07, 2.08, 2.09, 2.10, 2.11, 7.01, 7.02, 7.03, 7.07, 7.08 and this Article 8, as applicable, shall survive until the Notes have been paid in full. Thereafter, the Issuers' and any Note Guarantors' obligations in Sections 7.07, 8.05 and 8.06, as applicable, shall survive.

SECTION 8.02. Conditions to Defeasance

(a) The Issuers may exercise their legal defeasance option or their covenant defeasance option only if:

(1) an Issuer has irrevocably deposited in trust (the "*defeasance trust*") with the Trustee (or such entity designated by the Trustee for this purpose) cash in U.S. dollars or U.S. Government Obligations or a combination thereof for the payment of principal, premium, if any, and interest on the Notes to redemption or maturity, as the case may be, and must comply with certain other conditions, including delivery to the Trustee of:

(A) an Opinion of Counsel in the United States to the effect that the beneficial owners of the Notes will not recognize income, gain or loss for U.S. federal income

tax purposes as a result of such deposit and defeasance and will be subject to U.S. federal income tax on the same amount and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred (and in the case of legal defeasance only, such Opinion of Counsel in the United States must be based on a ruling of the U.S. Internal Revenue Service or other change in applicable U.S. federal income tax law since the issuance of the Notes);

(B) an Officer's Certificate stating that the deposit was not made by the Issuers with the intent of defeating, hindering, delaying, defrauding or preferring any creditors of the Issuers;

(C) an Officer's Certificate and an Opinion of Counsel (which Opinion of Counsel may be subject to customary assumptions and exclusions), each stating that all conditions precedent provided for or relating to legal defeasance or covenant defeasance, as the case may be, have been complied with;

(D) an Opinion of Counsel to the effect that the trust resulting from the deposit does not constitute, or is qualified as, a regulated investment company under the U.S. Investment Company Act of 1940; and

(E) the Issuers deliver to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

(b) Before or after a deposit, the Issuers may make arrangements satisfactory to the Trustee for the redemption of Notes at a future date in accordance with Article 3.

SECTION 8.03. Application of Trust Money.

The Trustee shall hold in trust money or U.S. Government Obligations deposited with it pursuant to this Article 8. It shall apply the deposited money and the money from the Government Obligations through the Paying Agent and in accordance with this Indenture to the payment of principal of and interest on the Notes.

SECTION 8.04. Repayment to Issuers

The Trustee and the Paying Agent shall promptly turn over to the Issuers upon request any money or U.S. Government Obligations held by it as provided in this Article which, in the written opinion of an internationally recognized firm of independent public accountants delivered to the Trustee (which delivery shall only be required if U.S. Government Obligations have been so deposited), are in excess of the amount thereof which would then be required to be deposited to effect an equivalent discharge or defeasance in accordance with this Article 8.

Subject to any applicable abandoned property law, the Trustee and the Paying Agent shall pay to the Issuers upon written request any money held by them for the payment of principal or interest that remains unclaimed for two years, and, thereafter, Holders entitled to the money must look to the Issuers for payment as general creditors, and the Trustee and the Paying Agent shall have no further liability with respect to such monies.

SECTION 8.05. Indemnity for U.S. Government Obligations

The Issuers and any Note Guarantor, jointly and severally, shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest received on such U.S. Government Obligations.

SECTION 8.06. Reinstatement

If the Trustee or Paying Agent is unable to apply any money or U.S. Government Obligations in accordance with this Article 8 by reason of any legal proceeding or by reason of any order or judgment of any court or Governmental Authority enjoining, restraining or otherwise prohibiting such application, the Issuers' obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to this Article 8 until such time as the Trustee or Paying Agent is permitted to apply all such money or U.S. Government Obligations in accordance with this Article 8; *provided, however*, that if the Issuers have made any payment of principal of or interest on any Notes because of the reinstatement of its obligations, the Issuers shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money or U.S. Government Obligations held by the Trustee or Paying Agent.

ARTICLE 9

Amendments

SECTION 9.01. Without Consent of Holders

The Issuers, the Trustee and the other parties thereto may amend or supplement any Note Documents without notice to or consent of any Holder to:

(1) cure any ambiguity, omission, defect, error or inconsistency, conform any provision to the "Description of the Notes" in the Offering Memorandum, or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a Successor Company of the obligations of the Issuers under any Note Document, as permitted by this Indenture;

(3) provide for uncertificated Notes in addition to or in place of certificated Notes (provided that the uncertificated Notes are issued in registered form for U.S. federal income tax purposes;

(4) add to the covenants or provide for a Guarantee for the benefit of the Holders or surrender any right or power conferred upon the Issuers;

(5) make any change that does not adversely affect the rights of any Holder in any material respect;

(6) at the Issuers' election, comply with any requirement of the SEC in connection with the qualification of this Indenture under the TIA, if such qualification is required;

(7) make such provisions as necessary (as determined by an Officer or the Board of Directors in good faith) for the issuance of Additional Notes;

(8) to add Guarantees with respect to the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee with respect to the Notes when such release, termination, discharge or retaking is provided for under this Indenture or the Agreed Security Principles; or

(9) to evidence and provide for the acceptance and appointment under this Indenture of a successor Trustee pursuant to the requirements thereof or to provide for the accession by the Trustee to any Note Document.

SECTION 9.02. With Consent of Holders

(a) The Issuers, the Trustee and the other parties thereto, as applicable, may amend, supplement or otherwise modify the Note Documents with the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes) and, subject to certain exceptions, any default or compliance with any provisions thereof may be waived with the consent of the holders of a majority in aggregate principal amount of the Notes then outstanding (including consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes). However, without the consent of Holders holding not less than 100% (or, in the case of clauses (7) and (10), 90%; and in the case of clause (8), 75%) of the then outstanding aggregate principal amount of the Notes), an amendment or waiver may not, with respect to any Notes held by a non-consenting Holder:

(1) reduce the principal amount of Notes whose Holders must consent to an amendment;

(2) reduce the stated rate of or extend the stated time for payment of interest on any Note;

(3) reduce the principal of or extend the Stated Maturity of any Note;

(4) reduce the premium payable upon the redemption of any Note or change the time at which any Note may be redeemed, in each case as described in Section 5 of the Notes;

(5) make any Note payable in money other than that stated in the Note;

(6) impair the right of any Holder to receive payment of principal of and interest on such Holder's Notes on or after the due dates therefor or to institute suit for the enforcement of any such payment on or with respect to such Holder's Notes;

(7) make any change to Section 4.02 that adversely affects the right of any Holder of such Notes in any material respect or amends the terms of such Notes in a way that would result in a loss of an exemption from any of the Taxes described thereunder or an exemption from any obligation to withhold or deduct Taxes so described thereunder unless the Payor agrees to pay Additional Amounts, if any, in respect thereof;

(8) release any Note Guarantee other than pursuant to the terms of this Indenture and the Agreed Security Principles;

(9) waive a Default or Event of Default with respect to the nonpayment of principal, premium or interest (except pursuant to a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of such Notes and a waiver of the payment default that resulted from such acceleration); or

(10) make any change in this Section 9.02(a) which require the Holders' consent described in this sentence.

(b) It shall not be necessary for the consent of the Holders under this Section 9.02 to approve the particular form of any proposed amendment of the Note Documents, but it shall be sufficient if such consent approves the substance thereof. A consent to any amendment or waiver under this Indenture by any Holder of Notes given in connection with a tender of such Holder's Notes will not be rendered invalid by such tender.

After an amendment under this Section 9.02 becomes effective, in case of Holders of Definitive Notes, the Issuers shall mail to the Holders a notice briefly describing such amendment. The failure to give such notice to all Holders, or any defect therein, shall not impair or affect the validity of an amendment under this Section 9.02.

The Notes issued on the Issue Date, and any Additional Notes part of the same series, will be treated as a single class for all purposes under this Indenture, including with respect to waivers and amendments, except as the relevant amendment, waiver, consent, modification or similar action affects the rights of the Holders of the different series of Notes dissimilarly. For the purposes of calculating the aggregate principal amount of Notes that have consented to or voted in favor of any amendment, waiver, consent, modifications or other similar action, the Issuers (acting reasonably and in good faith) shall be entitled to select a record date as of which the principal amount of any Notes shall be calculated in such consent or voting process.

SECTION 9.03. Revocation and Effect of Consents and Waivers

(a) A written consent to an amendment or a waiver by a Holder shall bind the Holder and every subsequent Holder of that Note or portion of the Notes that evidences the same debt as the consenting Holder's Note, even if notation of the consent or waiver is not made on the Note. However, any such Holder or subsequent Holder may revoke the written consent or waiver as to such Holder's Note or portion of the Note if the Trustee receives the notice of revocation before the date on which the Trustee receives an Officer's Certificate from the Company certifying that the requisite number of consents have been received. After an amendment or waiver becomes effective, it shall bind every Holder. An amendment or waiver

becomes effective upon the (i) receipt by the Issuers or the Trustee of the requisite number of consents, (ii) satisfaction of conditions to effectiveness as set forth in this Indenture and any indenture supplemental hereto containing such amendment or waiver and (iii) execution of such amendment or waiver (or supplemental indenture) by the Issuers and the Trustee.

(b) The Issuers may, but shall not be obligated to, fix a record date for the purpose of determining the Holders entitled to give their written consent or take any other action described above or required or permitted to be taken pursuant to this Indenture. If a record date is fixed, then notwithstanding Section 9.03(a), those Persons who were Holders at such record date (or their duly designated proxies), and only those Persons, shall be entitled to give such consent or to revoke any consent previously given or to take any such action, whether or not such Persons continue to be Holders after such record date. No such consent shall be valid or effective for more than 120 days after such record date.

SECTION 9.04. Notation on or Exchange of Notes

If an amendment changes the terms of a Note, the Trustee may require the Holder of the Note to deliver it to the Trustee. The Trustee may place an appropriate notation on the Note regarding the changed terms and return it to the Holder. Alternatively, if the Issuers or the Trustee so determine, the Issuers in exchange for the Note shall issue and the Trustee or an authentication agent shall authenticate a new Note that reflects the changed terms. Failure to make the appropriate notation or to issue a new Note shall not affect the validity of such amendment.

SECTION 9.05. Trustee to Sign Amendments

The Trustee shall sign any amendment authorized pursuant to this Article 9 if the amendment does not impose any personal obligations on the Trustee or adversely affect the rights, duties, liabilities or immunities of the Trustee under this Indenture. If it does, the Trustee may, but need not sign it. In signing such amendment the Trustee shall be entitled to receive indemnity reasonably satisfactory to it and to receive, and (subject to Section 7.01) shall be fully protected in relying upon, an Officer's Certificate and an Opinion of Counsel stating that such amendment complies with this Indenture and that such amendment has been duly authorized, executed and delivered and is the legal, valid and binding obligation of the Issuers and the Note Guarantors (if any) enforceable against them in accordance with its terms, subject to customary exceptions.

SECTION 9.06. Payment for Consent

Neither the Issuers nor any Affiliate of either Issuer shall, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Note Documents (or the appointment of any proxy in relation to any of the foregoing) unless such consideration is offered (subject to limitations of applicable law) to be paid to all Holders that so consent, waive or agree to amend in the time frame set forth in solicitation documents relating to such consent, waiver or agreement or proxies in relation thereto.

Note GuaranteesSECTION 10.01. Note Guarantees.

(a) Subject to the limitations set forth in Schedule 10.1, each Guarantor hereof hereby irrevocably Guarantees (collectively, the “*Note Guarantees*”), as primary obligor and not merely as surety, on a senior unsecured basis to each Holder and to the Trustee and its successors and assigns (i) the full and punctual payment when due, whether at Stated Maturity, by acceleration or otherwise, of all payment obligations of the Issuers under this Indenture and the Notes, whether for payment of principal of, premium, or interest and all other monetary obligations of the Issuers under this Indenture or in respect of the Notes and (ii) the full and punctual performance within applicable grace periods of all other obligations of the Issuers whether for payment obligations resulting from a Change of Control Triggering Event, fees, expenses, indemnification or otherwise under this Indenture and the Notes (all the foregoing being hereinafter collectively called the “*Guaranteed Obligations*”). Any such Note Guarantor further agrees that the *Guaranteed Obligations* may be extended or renewed, in whole or in part, without notice or further assent from such Note Guarantor, and that such Note Guarantor shall remain bound under this Article 10 notwithstanding any extension or renewal of any *Guaranteed Obligation*.

(b) Each Note Guarantor waives presentation to, demand of payment from and protest to the Issuers of any of the *Guaranteed Obligations* and also waives notice of protest for nonpayment. Each Note Guarantor waives notice of any default under the Notes or the *Guaranteed Obligations*. The obligations of each Note Guarantor hereunder shall not be affected by (i) the failure of any Holder, or the Trustee to assert any claim or demand or to enforce any right or remedy against the Issuers or any other Person under this Indenture, the Notes or any other agreement or otherwise; (ii) any extension or renewal of any thereof; (iii) any rescission, waiver, amendment or modification of any of the terms or provisions of this Indenture, the Notes or any other agreement; (iv) the release of any Notes held by any Holder or the Trustee for the *Guaranteed Obligations* or any of them; (v) the failure of any Holder or Trustee to exercise any right or remedy against any other guarantor of the *Guaranteed Obligations*; or (vi) any change in the ownership of such Note Guarantor, except as provided in Section 10.02(c).

(c) Each Note Guarantor hereby waives any right to which it may be entitled to have its obligations hereunder divided among the Note Guarantors, such that such Note Guarantor’s obligations would be less than the full amount claimed. Each Note Guarantor hereby waives any right to which it may be entitled to have the assets of the Issuers first be used and depleted as payment of the Issuers’ or such Note Guarantor’s

obligations hereunder prior to any amounts being claimed from or paid by such Note Guarantor hereunder. Each Note Guarantor hereby waives any right to which it may be entitled to require that the Issuers be sued prior to an action being initiated against such Note Guarantor.

(d) Each Note Guarantor further agrees that its Note Guarantee herein constitutes a guarantee of payment when due (and not a guarantee of collection) and waives any right to require that any resort be had by any Holder or the Trustee to any Note held for payment of the Guaranteed Obligations.

(e) If any Note Guarantor makes payments under its Note Guarantee, each Note Guarantor must contribute its share of such payments. Each Note Guarantor's share of such payment will be computed based on the proportion that the net worth of the relevant Note Guarantor represents relative to the aggregate net worth of all the Note Guarantors combined.

(f) Each Note Guarantor agrees that its Note Guarantee shall remain in full force and effect until payment in full of the Guaranteed Obligations. Except as expressly set forth in Sections 8.01(b) and 10.02 the obligations of each Note Guarantor hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to any defense of setoff, counterclaim, recoupment or termination whatsoever or by reason of the invalidity, illegality or unenforceability of the Guaranteed Obligations or otherwise. Without limiting the generality of the foregoing, the obligations of each Note Guarantor herein shall not be discharged or impaired or otherwise affected by the failure of any Holder or the Trustee to assert any claim or demand or to enforce any remedy under this Indenture, the Notes or any other agreement, by any waiver or modification of any thereof, by any default, failure or delay, willful or otherwise, in the performance of the obligations, or by any other act or thing or omission or delay to do any other act or thing which may or might in any manner or to any extent vary the risk of such Note Guarantor or would otherwise operate as a discharge of such Note Guarantor as a matter of law or equity.

(g) Each Note Guarantor agrees that its Note Guarantee herein shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of principal of or interest on any Guaranteed Obligation is rescinded or must otherwise be restored by any Holder or the Trustee upon the bankruptcy or reorganization of the Issuers or otherwise unless such Note Guarantee has been released in accordance with this Indenture.

(h) Subject to the limitations set forth in Schedule 10.1, in furtherance of the foregoing and not in limitation of any other right which any Holder or the Trustee has at law or in equity against any Note Guarantor by virtue hereof, upon the failure of the Issuers to pay the principal of or interest on any Guaranteed Obligation when and as the same shall become due, whether at maturity, by acceleration, by redemption or otherwise, or to perform or comply with any other Guaranteed Obligation, each Note Guarantor

hereby promises to and shall, upon receipt of written demand by the Trustee, forthwith pay, or cause to be paid, in cash, to the Holders or the Trustee an amount equal to the sum of (i) the unpaid principal amount of the Notes, (ii) accrued and unpaid interest on the Notes and (iii) all other monetary obligations of the Issuers to the Holders and the Trustee, including any other unpaid principal amount of such Guaranteed Obligations, accrued and unpaid interest on such Guaranteed Obligations (but only to the extent not prohibited by law) and any Additional Amounts.

(i) Each Note Guarantor agrees that it shall not be entitled to exercise any right of subrogation in relation to the Holders in respect of any Guaranteed Obligations guaranteed hereby until payment in full of all Guaranteed Obligations. Each Note Guarantor further agrees that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, (i) the maturity of the Guaranteed Obligations guaranteed hereby may be accelerated as provided in Article 6 for the purposes of any Guarantee herein, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the Guaranteed Obligations guaranteed hereby, and (ii) in the event of any declaration of acceleration of such Guaranteed Obligations as provided in Article 6, such Guaranteed Obligations (whether or not due and payable) shall forthwith become due and payable by such Note Guarantor for the purposes of this Section 10.01.

(j) Each Note Guarantor also agrees to pay any and all reasonable costs and expenses (including reasonable attorneys' fees and expenses) incurred by the Trustee or any Holder in enforcing any rights under this Section 10.01.

(k) Upon request of the Trustee, each Note Guarantor shall execute and deliver such further instruments and do such further acts as the Trustee may reasonably require to carry out more effectively the purpose of this Indenture.

SECTION 10.02. Limitation on Liability

(a) Any term or provision of this Indenture to the contrary notwithstanding, the maximum aggregate amount of the Guaranteed Obligations guaranteed hereunder by any Note Guarantor shall not exceed the maximum amount that can be hereby guaranteed by the applicable Note Guarantor without rendering the Note Guarantee, as it relates to such Note Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, corporate benefit, financial assistance or similar laws affecting the rights of creditors generally.

(b) A Note Guarantee as to any Note Guarantor shall terminate and release and be of no further force or effect and such Note Guarantor shall be deemed to be released from all obligations under this Article 10 upon:

(1) a sale or other disposition (including by way of consolidation or merger) of the Capital Stock of such Guarantor or of a Person who holds all of the Capital Stock of such Guarantor, such that the Guarantor does not remain a Subsidiary, or the sale or disposition of all or substantially all the assets of the Guarantor, in each case, otherwise permitted by this Indenture,

(2) defeasance or discharge of the Notes, as provided in Article 8,

(3) in accordance with the provisions of the Agreed Security Principles, or

(4) so long as no Event of Default has occurred and is continuing, to the extent that such Guarantor (i) is unconditionally released and discharged from its liability with respect to the Revolving Credit Agreement (other than pursuant to the repayment and discharge thereof) and (ii) does not guarantee any other Credit Facility or Public Debt.

In all cases, the Issuers and such Note Guarantors that are to be released from their Note Guarantees shall deliver to the Trustee an Officer's Certificate and an Opinion of Counsel certifying compliance with this Section 10.02(b). At the request of the Issuers, the Trustee shall execute and deliver an appropriate instrument evidencing such release (in the form provided by the Issuers).

SECTION 10.03. Successors and Assigns

This Article 10 shall be binding upon each Note Guarantor and its successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assignee, all subject to the terms and conditions of this Indenture.

SECTION 10.04. No Waiver

Neither a failure nor a delay on the part of, the Trustee or the Holders in exercising any right, power or privilege under this Article 10 shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and not exclusive of any other rights, remedies or benefits which either may have under this Article 10 at law, in equity, by statute or otherwise.

SECTION 10.05. Modification

No modification, amendment or waiver of any provision of this Article 10, nor the consent to any departure by any Note Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any Note Guarantor in any case shall entitle such Note Guarantor to any other or further notice or demand in the same, similar or other circumstances.

SECTION 10.06. Non-Impairment

The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

Miscellaneous

SECTION 11.01. Trust Indenture Act of 1939

The Indenture shall incorporate and be governed by the provisions of the TIA that are required to be part of and to govern indentures qualified under the TIA, except that the following provisions of the TIA will not be incorporated by or govern this Indenture: Sections 310(a), 312, 313 (other than as provided in Section 7.05 of this Indenture), 314(a), 314(b) and 314(d). For the avoidance of doubt, this Indenture will not be qualified under the TIA.

SECTION 11.02. Noteholder Communications; Noteholder Actions

(a) The rights of Holders to communicate with other Holders with respect to this Indenture or the Notes are as provided by the TIA. Neither the Company nor the Trustee will be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the TIA.

(b) (1) Any request, demand, authorization, direction, notice, consent to amendment, supplement or waiver or other action provided by this Indenture to be given or taken by a Holder (an “act”) may be evidenced by an instrument signed by the Holder delivered to the Trustee. The fact and date of the execution of the instrument, or the authority of the person executing it, may be proved in any manner that the Trustee deems sufficient.

(2) The Trustee may make reasonable rules for action by or at a meeting of Holders, which will be binding on all the Holders.

(c) Any act by the Holder of any Note binds that Holder and every subsequent Holder of a Note that evidences the same debt as the Note of the acting Holder, even if no notation thereof appears on the Note. Subject to paragraph (d), a Holder may revoke an act as to its Notes, but only if the Trustee receives the notice of revocation before the date the amendment or waiver or other consequence of the act becomes effective.

(d) The Company may, but is not obligated to, fix a record date (which need not be within the time limits otherwise prescribed by TIA Section 316(c)) for the purpose of determining the Holders entitled to act with respect to any amendment or waiver or in any other regard, except that during the continuance of an Event of Default, only the Trustee may set a record date as to notices of default, any declaration or acceleration or any other remedies or other consequences of the Event of Default. If a record date is fixed, those Persons that were Holders at such record date and only those Persons will be entitled to act, or to revoke any previous act, whether or not those Persons continue to be Holders after the record date. No act will be valid or effective for more than 90 days after the record date.

SECTION 11.03. Notices

Any notice or communication shall be in writing and delivered in person or mailed by first-class mail addressed as follows:

if to the Issuers:

NXP B.V.
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Attention of: Guido Dierick
Fax: +(31) 40 272 4005

with a copy to:

NXP Semiconductors N.V.
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Attention of: Erik Thyssen
Fax: +(31) 20 5407500

if to the Trustee, Paying Agent, Registrar or Transfer Agent:

Deutsche Bank Trust Company Americas
60 Wall Street
16th Floor
MS: NYC60-1630
New York, New York 10005
United States

Attention of:
Trust and Agency Services – NXP B.V.
Fax: +(1) 732 578 4635

with a copy to:

Deutsche Bank National Trust Company for Deutsche Bank Trust Company Americas
MS: JCY03-0699
100 Plaza One – 6th Floor
Jersey City, New Jersey 07311
United States

Attention of:
Trust and Agency Services – NXP B.V.
Fax: +(1) 732 578 4635

Each of the Issuers or the Trustee by notice to the others may designate additional or different addresses for subsequent notices or communications.

Any notice or communication sent to a Holder of Definitive Notes shall be in writing and shall be made by first-class mail, postage prepaid, or by hand delivery to the Holder at the Holder's address as it appears on the registration books of the Registrar, with a copy to the Trustee.

If and so long as any Notes are represented by one or more Global Notes and ownership of book-entry interests therein are shown on the records of DTC or any successor securities clearing agency appointed by the Depository at the request of the Issuers, notices will be delivered to such securities clearing agency for communication to the owners of such book-entry interests, delivery of which shall be deemed to satisfy the notice requirements of this Section 11.03.

Notices given by first-class mail, postage prepaid, will be deemed given seven calendar days after mailing. Notices given by publication will be deemed given on the first date on which any of the required publications is made, or if published more than once on different dates, on the first date on which publication is made; *provided* that, if notices are mailed, such notice shall be deemed to have been given on the later of such publication and the seventh calendar day after being so mailed. Failure to mail, cause to be delivered or otherwise transmit a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders. If a notice or communication is mailed or sent in the manner provided above, it is duly given, whether or not the addressee receives it.

SECTION 11.04. Certificate and Opinion as to Conditions Precedent

Upon any request or application by the Issuers to the Trustee to take or refrain from taking any action under this Indenture, the Issuers shall furnish to the Trustee:

(a) an Officer's Certificate in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of the signers, all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with and any other matters that the Trustee may reasonably request; and

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee stating that, in the opinion of such counsel, all such conditions precedent have been complied with and any other matters that the Trustee may reasonably request.

SECTION 11.05. Statements Required in Certificate or Opinion

Each certificate or opinion with respect to compliance with a covenant or condition provided for in this Indenture (other than pursuant to Section 8) shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, such Person has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether or not, in the opinion of such Person, such covenant or condition has been complied with.

SECTION 11.06. When Notes Disregarded

In determining whether the Holders of the required principal amount of Notes have concurred in any direction, waiver or consent, Notes owned by the Issuers, any Note Guarantor or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Issuers or any Note Guarantor shall be disregarded and deemed not to be outstanding, except that, for the purpose of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes which the Trustee knows are so owned shall be so disregarded. Subject to the foregoing, only Notes outstanding at the time shall be considered in any such determination.

SECTION 11.07. Rules by Trustee, Paying Agent and Registrar

The Trustee may make reasonable rules for action by or a meeting of Holders. The Registrar and the Paying Agent may make reasonable rules for their functions.

SECTION 11.08. Legal Holidays

If a payment date is a Business Day, payment shall be made on the next succeeding day that is a Business Day, and no interest shall accrue for the intervening period. If a regular record date is not a Business Day, the record date shall not be affected.

SECTION 11.09. Governing Law

This Indenture and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

SECTION 11.10. Consent to Jurisdiction and Service

The Issuers and each Note Guarantor (if any) irrevocably (i) agree that any legal suit, action or proceeding against the Issuers or any Note Guarantor arising out of or based upon this Indenture, the Notes or any Note Guarantee or the transactions contemplated hereby may be instituted in any U.S. Federal or state court in the Borough of Manhattan, The City of New York court and (ii) waive, to the fullest extent they may effectively do so, any objection which they may now or hereafter have to the laying of venue of any such proceeding. The Company and each Note Guarantor have appointed (and any Subsidiary becoming a Note Guarantor shall appoint) NXP Funding LLC, as their authorized agent (the "*Authorized Agent*") upon whom

process may be served in any such action arising out of or based on this Indenture, the Notes or the transactions contemplated hereby which may be instituted in any New York court, expressly consent to the jurisdiction of any such court in respect of any such action, and waive any other requirements of or objections to personal jurisdiction with respect thereto. Such appointment shall be irrevocable. The Issuers represent and warrant that the Authorized Agent has agreed to act as such agent for service of process and agrees to take any and all action, including the filing of any and all documents and instruments, that may be necessary to continue such appointment in full force and effect as aforesaid. Service of process upon the Authorized Agent and written notice of such service to the Issuers and each Note Guarantor shall be deemed, in every respect, effective service of process upon the Issuers and each Note Guarantor.

SECTION 11.11. No Recourse Against Others

No director, officer, employee, incorporator or shareholder of the Issuers or any of their respective Subsidiaries or Affiliates as such, will have any liability for any obligations of the Issuers under the Note Documents, or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

SECTION 11.12. Successors

All agreements of the Issuers and each Note Guarantor in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors.

SECTION 11.13. Multiple Originals

The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement. One signed copy is enough to prove this Indenture.

SECTION 11.14. Table of Contents; Headings

The table of contents, cross-reference sheet and headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not intended to be considered a part hereof and shall not modify or restrict any of the terms or provisions hereof.

SECTION 11.15. Applicable Law; Provision of Information to Trustee

In order to comply with the laws, rules, regulations and executive orders in effect from time to time applicable to banking institutions, including, without limitation, those relating to the funding of terrorist activities and money laundering, including Section 326 of the USA PATRIOT Act of the United States ("Applicable Law"), the Trustee is required to obtain, verify, record and update certain information relating to individuals and entities which maintain a business relationship with the Trustee. Accordingly, each of the parties agree to provide to the Trustee, upon their request from time to time such identifying information and documentation as may be available for such party in order to enable the Trustee to comply with Applicable Law.

SECTION 11.16. Force Majeure

The Trustee, Registrar, Paying Agent and Transfer Agent shall not incur any liability for not performing any act or fulfilling any duty, obligation or responsibility hereunder by reason of any occurrence beyond the control of the Trustee (including but not limited to any act or provision of any present or future law or regulation or governmental authority, any act of God or war, civil unrest, local or national disturbance or disaster, any act of terrorism, or the unavailability of the Federal Reserve Bank wire or facsimile or other wire or communication facility).

SECTION 11.17. Prescription

Claims against the Issuer or any Guarantor for the payment of principal, or premium, if any, on the Notes will be prescribed five years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed three years after the applicable due date for payment of interest.

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

NXP B.V.

by /s/ Jean Schreurs

Name: Jean Schreurs

Title: Authorized Signatory

NXP FUNDING LLC

by /s/ Jean Schreurs

Name: Jean Schreurs

Title: Authorized Signatory

[Signature Page to Indenture]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee

By Deutsche Bank National Trust Company

by /s/ Robert S. Peschler

Name: Robert S. Peschler

Title: Vice President

by /s/ Linda Reale

Name: Linda Reale

Title: Vice President

[Signature Page to Indenture]

by /s/ Jean Schreurs

Name: Jean Schreurs

Title: Authorized Signatory

[Signature Page to Indenture]

NXP SEMICONDUCTORS USA INC.

by /s/ James W. Casey

Name: James W. Casey

Title: V.P. and General Counsel

[Signature Page to Indenture]

SCHEDULE 1

AGREED SECURITY PRINCIPLES

1. Agreed Security Principles

- 1.1 The Guarantees to be provided by the Issuers and the Guarantors will be given in accordance with certain agreed security principles (the “*Agreed Security Principles*”). This Schedule 1 identifies the Agreed Security Principles and addresses the manner in which the Agreed Security Principles will impact on or be determinant of the Guarantees to be taken in relation to this Indenture, and of any future Liens or security, if any, to be taken as of the date such Liens are granted.
- 1.2 The Agreed Security Principles embody a recognition by all parties that there may be certain legal, commercial and practical difficulties in obtaining effective security from the Company and each of its Restricted Subsidiaries in every jurisdiction in which the Company and its Restricted Subsidiaries are located. In particular:
- (a) general statutory or other legal limitations or requirements, financial assistance, corporate benefit, fraudulent preference, “thin capitalization” rules, retention of title claims and similar matters may limit the ability of the Company or any of its Restricted Subsidiaries to provide a Guarantee or may require that it be limited as to amount or otherwise, and if so the same shall be limited accordingly, *provided* that the Company or the relevant Restricted Subsidiary shall use reasonable endeavors to overcome such obstacle. The Company will use reasonable endeavors to assist in demonstrating that adequate corporate benefit accrues to each of the Restricted Subsidiary;
 - (b) the Company and its Restricted Subsidiaries will not be required to give Guarantees or enter into security document if (or to the extent) it is not within the legal capacity of the Company or its relevant Restricted Subsidiary or if the same would conflict with the fiduciary duties of their directors or contravene any legal prohibition or regulatory condition or result in, or could reasonably be expected to result in, a material risk of personal or criminal liability for any officer or director of the Company or any of the Restricted Subsidiaries, *provided* that the Company and each of its Restricted Subsidiaries shall use reasonable endeavors to overcome any such obstacle;
 - (c) a key factor in determining whether or not security shall be taken is the applicable cost (including adverse effects on interest deductibility, registration taxes and notarial costs) which shall not be disproportionate to the benefit to the Holders of obtaining such security;

- (d) where there is material incremental cost involved in creating security over all assets owned by any of the Issuers or a Guarantor in a particular category (e.g. real estate), regard shall be had to the principle stated at paragraph 1.2(c) of this Schedule 1 which shall apply to the immaterial assets and, subject to the Agreed Security Principles, only the material assets in that category (e.g. real estate of material economic value) shall be subject to security;
- (e) it is expressly acknowledged that it may be either impossible or impractical to create security over certain categories of assets in which event security will not be taken over such assets;
- (f) any assets subject to contracts, leases, licenses or other arrangements with a third party that exist concurrently or are not prohibited by this Agreement and which (subject to override by the Uniform Commercial Code and other relevant provisions of applicable law), effectively prevent those assets from being charged will be excluded from any relevant security document; *provided* that reasonable endeavors to obtain consent to creating Liens in any such assets shall be used by the Company and each of its Restricted Subsidiaries to avoid or overcome such restrictions if either collateral agent reasonably determines that the relevant asset is material (which endeavors shall not include the payment of any consent fees), but unless effectively prohibited by contracts, leases, licenses or other arrangements with a third party that exist concurrently or are not prohibited by this Indenture, this shall not prevent security being given over any receipt or recovery under such contract, lease or license;
- (g) the giving of a Guarantee, the granting of security or the perfection of the security granted will not be required if it would have a material adverse effect (as reasonably determined in good faith by management of the relevant obligor) on the ability of the relevant obligor to conduct its operations and business in the ordinary course as otherwise permitted by this Indenture;
- (h) in the case of accounts receivable, a material adverse effect on either Issuer's or a Guarantor's relationship with or sales to the customer generating such receivables or material legal or commercial difficulties (as reasonably determined by management of the relevant obligor in good faith) *provided* that none of the Issuers and the Guarantors may utilize this exception unless, after giving effect thereto no less than a majority of the book value of the accounts receivable of the Company and its Subsidiaries on a consolidated basis (as measured at the end of each fiscal quarter) is subject to perfected liens, and *provided* further that any accounts receivable of the Issuers and the Guarantors excluded from Collateral by virtue of this clause (except where prohibited by law and subject to the remainder of these Agreed Security Principles) shall be subject to perfected Liens promptly if and when the corporate credit of the Company is downgraded to "B" or lower from S&P and "B2" or lower from Moody's;

- (i) security will be limited so that the aggregate of notarial costs and all registration and like taxes relating to the provision of security shall not exceed an amount to be agreed. Any additional costs may be paid by the Holders at their option; and
- (j) all security shall be given in favor of a single security trustee or collateral agent and not the secured parties individually. "Parallel debt" provisions and other similar structural options will be used where necessary and such provisions will be contained in the intercreditor agreement and not the individual security documents unless required under local law. No action will be required to be taken in relation to the guarantees or security when any lender assigns or transfers any of its participation in this Indenture to a new lender.

2. Terms of security documents

The following principles will be reflected in the terms of any security document to be executed and delivered:

- (a) subject to Permitted Liens and these Agreed Security Principles the security will be first ranking and the perfection of security (when required) and other legal formalities will be completed as soon as practicable and, in any event, within the time periods specified in the Note Documents or, if earlier or to the extent no such time period is specified in the Note Documents, within the time periods specified by applicable law in order to ensure due perfection;
- (b) the security will not be enforceable until an Event of Default has occurred and notice of acceleration of the Notes has been given by the Trustee or the Notes have otherwise become due and payable prior to the scheduled maturity thereof (an "Enforcement Event");
- (c) prior to the Maturity Date, notification of any Liens over bank accounts will be given (subject to legal advice) to the banks with whom the accounts are maintained only if an Enforcement Event has occurred;
- (d) notification of receivables security to debtors who are not members of the Company or its Subsidiaries will only be given if an Enforcement Event has occurred;
- (e) notification of any security interest over insurance policies will be served on any insurer of the Company's or any Restricted Subsidiaries' assets;
- (f) the security documents should only operate to create security rather than to impose new commercial obligations. Accordingly, they should not contain material additional representations, undertakings or indemnities (such as in respect of insurance, information or the payment of costs) unless these are the same as or consistent with those contained in this Indenture or are necessary for the creation or perfection of the security;

- (g) in respect of the share pledges and pledges of intra-group receivables, until an Enforcement Event has occurred, the pledgors will be permitted to retain and to exercise voting rights to any shares pledged by them in a manner which does not materially adversely affect the value of the security (taken as a whole) or the validity or enforceability of the security or cause an Event of Default to occur, and the pledgors will be permitted to receive dividends on pledged shares and payment of intra-group receivables and retain the proceeds and/or make the proceeds available to Holdings and its Subsidiaries to the extent not prohibited under this Indenture;
- (h) the Collateral Agents will only be able to exercise a power of attorney in any security document following the occurrence of an Enforcement Event or with respect to perfection or further assurance obligations that following request, the relevant obligor has failed to satisfy;
- (i) no obligor shall be required to provide surveys on real property (unless such surveys already exist in which case there shall be no requirement that such surveys be certified to the Holders) or to remove any encumbrances on title that are reflected in any title insurance or any other existing encumbrances on real property (not including Liens securing Indebtedness of the Company or any of its Restricted Subsidiaries);
- (j) no obligor shall be required to protect any Liens in the United States prior to the occurrence of an Enforcement Event by means other than customary filings (including UCC-1s, mortgage or deed of trust filings and patent and trademark filings) and delivery of share certificates (accompanied by powers of attorney executed in blank) and any intercompany promissory notes; and
- (k) information, such as lists of assets, will be provided if, and only to the extent, required by local law to be provided to protect or create, perfect or register the security and, to the extent so required will be provided annually (unless required to be provided by local law more frequently, but not more frequently than quarterly) and following the occurrence and during the continuance of an Event of Default, on the Collateral Agents' reasonable request.

PROVISIONS RELATING TO THE NOTES1. Definitions.

Capitalized terms used but not otherwise defined in this Appendix A shall have the meanings assigned to them in the Indenture. For the purposes of this Appendix A the following terms shall have the meanings indicated below:

“*Applicable Procedures*” means, with respect to any transfer or transaction involving a Regulation S Global Note or beneficial interest therein, the rules and procedures of the Depository for such Global Note, DTC, in each case to the extent applicable to such transaction and as in effect from time to time.

“*Definitive Note*” means a certificated Note that does not include the Global Note Legend.

“*Depository*” means DTC.

“*DTC*” means The Depository Trust Company, its nominees and their respective successors.

“*Global Note Legend*” means the legend set forth under that caption in Exhibit A to the Indenture.

“*Notes Custodian*” means the custodian with respect to a Global Note (as appointed by the applicable Depository) or any successor person thereto.

“*QIB*” means a “qualified institutional buyer” as defined in Rule 144A.

“*Regulation S*” means Regulation S under the Securities Act.

“*Regulation S Notes*” means all Notes offered and sold outside the United States in reliance on Regulation S.

“*Restricted Period*”, with respect to any Notes, means the period of 40 consecutive days beginning on and including the later of (a) the day on which such Notes are first offered to persons other than distributors (as defined in Regulation S under the Securities Act) in reliance on Regulation S, notice of which day shall be promptly given by the Issuer to the Trustee, and (b) the Issue Date with respect to such Notes.

“*Restricted Notes Legend*” means the legend set forth under that caption in Exhibit A to the Indenture.

“*Rule 144A*” means Rule 144A under the Securities Act.

“*Rule 144A Notes*” means all Notes offered and sold to QIBs in reliance on Rule 144A.

“*Securities Act*” means the Securities Act of 1933.

“*Transfer Restricted Notes*” means Definitive Notes and any other Notes that bear or are required to bear the Restricted Notes Legend.

2. The Notes.

2.1 Form and Dating.

(a) The Notes issued on the date hereof will be (i) offered and sold by the Issuers pursuant to a Purchase Agreement dated as of June 2, 2015 among the Issuers and the initial purchasers named therein and (ii) resold, initially only to (1) QIBs in reliance on Rule 144A and (2) Persons other than U.S. Persons (as defined in Regulation S) in reliance on Regulation S. Such Notes may thereafter be transferred to, among others, QIBs and purchasers in reliance on Regulation S. Additional Notes offered after the date hereof may be offered and sold by the Issuers from time to time pursuant to one or more Purchase Agreements in accordance with applicable law.

(b) Notes issued in global form will be substantially in the form of Exhibit A to the Indenture (including the Global Note Legend thereon and the “Schedule of Increases or Decreases in the Global Note” attached thereto). Notes issued in definitive form will be substantially in the form of Exhibit A to the Indenture (but without the Global Note Legend thereon and without the “Schedule of Increases or Decreases in the Global Note” attached thereto). Each Global Note will represent such of the outstanding Notes as will be specified therein and each shall provide that it represents the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby will be made by the Trustee or the Custodian, at the direction of the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2 hereof.

(c) [Reserved].

(d) [Reserved].

(e) [Reserved].

(f) Book-Entry Provisions. This Section 2.1(f) shall apply only to a Global Note deposited with or on behalf of the Depository.

The Issuers shall execute and the Trustee or an authentication agent shall, in accordance with this Section 2.1(f) and Section 2.2 and pursuant to an order of the Issuers signed by one Officer, authenticate and deliver initially one or more Global Notes that (i) shall be registered in the name of the Depository for such Global Note or Global Notes or the nominee of such Depository and (ii) shall be delivered by the Trustee to such Depository or pursuant to such Depository’s instructions or held by the Notes Custodian.

Members of, or participants in, DTC (“*Agent Members*”) shall have no rights under the Indenture with respect to any Global Note held on their behalf by the Depositary or by the Notes Custodian or under such Global Note, and the Depositary may be treated by the Issuers, the Trustee and any agent of the Issuers or the Trustee as the absolute owner of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, nothing herein shall prevent the Issuers, the Trustee or any agent of the Issuers or the Trustee from giving effect to any written certification, proxy or other authorization furnished by DTC or impair, as between DTC and their respective Agent Members, the operation of customary practices thereof governing the exercise of the rights of a holder of a beneficial interest in any Global Note.

(g) Definitive Notes. Except as provided in Section 2.3 or 2.4, owners of beneficial interests in Global Notes will not be entitled to receive physical delivery of certificated Notes.

2.2 Authentication. The Trustee or an authentication agent shall authenticate and make available for delivery upon a written order of the Company signed by one of its Officers (a) Original Notes for original issue on the date hereof in an aggregate principal amount of \$1,000,000,000 and (b) subject to the terms of the Indenture, Additional Notes. Such order shall (a) specify the amount of the Notes to be authenticated, the date on which the original issue of Notes is to be authenticated, (b) direct the Trustee or an authentication agent to authenticate such Notes and (c) certify that all conditions precedent to the issuance of such Notes have been complied with in accordance with the terms hereof.

2.3 Transfer and Exchange of Global Notes. (a) A Global Note may not be transferred except as a whole by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, or by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes will be exchanged by the Company for Definitive Notes if:

(1) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary;

(2) the Company, in its sole discretion, determines that the Global Notes (in whole but not in part) should be exchanged for Definitive Notes and delivers a written notice to such effect to the Trustee; or

(3) there has occurred and is continuing a Default or Event of Default with respect to the Notes and Holders have requested Definitive Notes.

Upon the occurrence of any of the preceding events in (1),(2) or (3) above, Definitive Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.08 and 2.10 of the Indenture. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section or Section 2.08 or 2.10 of the Indenture, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section, however, beneficial interests in a Global Note may be transferred and exchanged as provided in Section 2.3(b), (c) or (f) hereof upon prior written notice given to the Trustee by or on behalf of the Depositary.

(b) Transfer and Exchange of Beneficial Interests in the Global Notes. The transfer and exchange of beneficial interests in the Global Notes will be effected through the Depositary, in accordance with the provisions of this Indenture and the Applicable Procedures. Beneficial interests in the Restricted Global Notes will be subject to restrictions on transfer comparable to those set forth herein to the extent required by the Securities Act. Transfers of beneficial interests in the Global Notes also will require compliance with either subparagraph (1) or (2) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(1) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Restricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Restricted Global Note in accordance with the transfer restrictions set forth in the Private Placement Legend. Beneficial interests in any Unrestricted Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section.

(2) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.3(b)(1) above, the transferor of such beneficial interest must deliver to the Registrar either:

(A) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in another Global Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase; or

(B) both:

(i) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Definitive Note in an amount equal to the beneficial interest to be transferred or exchanged; and

(ii) instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Definitive Note shall be registered to effect the transfer or exchange referred to in Section 2.3(b)(1) above.

Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.3(h) hereof.

(3) *Transfer of Beneficial Interests to Another Restricted Global Note.* A beneficial interest in any Restricted Global Note may be transferred to a Person who takes delivery thereof in the form of a beneficial interest in another Restricted Global Note if the transfer complies with the requirements of Section 2.3(b)(2) above and the Registrar receives the following:

(A) if the transferee will take delivery in the form of a beneficial interest in the 144A Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof; and

(B) if the transferee will take delivery in the form of a beneficial interest in the Regulation S Global Note, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof.

(4) *Transfer and Exchange of Beneficial Interests in a Restricted Global Note for Beneficial Interests in an Unrestricted Global Note.* A beneficial interest in any Restricted Global Note may be exchanged by any holder thereof for a beneficial interest in an Unrestricted Global Note or transferred to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note if the exchange or transfer complies with the requirements of Section 2.3(b)(2) above and:

(A) [Reserved.]

(B) [Reserved.]

(C) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (3) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the form of a beneficial interest in an Unrestricted Global Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (C), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

If any such transfer is effected pursuant to subparagraph (B) or (C) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers shall issue and, upon receipt of an Authentication Order in accordance with Section 2.2 hereof, the Trustee shall authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the aggregate principal amount of beneficial interests transferred pursuant to subparagraph (B) or (C) above.

Beneficial interests in an Unrestricted Global Note cannot be exchanged for, or transferred to Persons who take delivery thereof in the form of, a beneficial interest in a Restricted Global Note.

(c) Transfer or Exchange of Beneficial Interests for Definitive Notes.

(1) *Beneficial Interests in Restricted Global Notes to Restricted Definitive Notes.* If any holder of a beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for a Restricted Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Restricted Definitive Note, then, upon receipt by the Registrar of the following documentation:

(A) if such beneficial interest is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(B) if such beneficial interest is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof;

(C) if such beneficial interest is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (4) thereof; or

(D) if such beneficial interest is being transferred to the Company or any of its Subsidiaries, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (3) thereof,

the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.3(h) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.3(c) shall be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest in a Restricted Global Note pursuant to this Section 2.3(c)(1) shall bear the Private Placement Legend and shall be subject to all restrictions on transfer contained therein.

(2) [Reserved.]

(3) *Beneficial Interests in Restricted Global Notes to Unrestricted Definitive Notes.* A holder of a beneficial interest in a Restricted Global Note may exchange such beneficial interest for an Unrestricted Definitive Note or may transfer such beneficial interest to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note only if:

(A) [Reserved.]

(B) [Reserved.]

(C) the Registrar receives the following:

(i) if the holder of such beneficial interest in a Restricted Global Note proposes to exchange such beneficial interest for an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (3) thereof; or

(ii) if the holder of such beneficial interest in a Restricted Global Note proposes to transfer such beneficial interest to a Person who shall take delivery thereof in the

form of an Unrestricted Definitive Note, a certificate from such holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (C), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(4) *Beneficial Interests in Unrestricted Global Notes to Unrestricted Definitive Notes.* If any holder of a beneficial interest in an Unrestricted Global Note proposes to exchange such beneficial interest for a Definitive Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Definitive Note, then, upon satisfaction of the conditions set forth in Section 2.3(b)(2) hereof, the Trustee will cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.3(h) hereof, and the Issuers will execute and the Trustee will authenticate and deliver to the Person designated in the instructions a Definitive Note in the appropriate principal amount. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.3(c)(4) will be registered in such name or names and in such authorized denomination or denominations as the holder of such beneficial interest requests through instructions to the Registrar from or through the Depository and the Participant or Indirect Participant. The Trustee will deliver such Definitive Notes to the Persons in whose names such Notes are so registered. Any Definitive Note issued in exchange for a beneficial interest pursuant to this Section 2.3(c)(4) will not bear the Private Placement Legend.

(d) *Transfer and Exchange of Definitive Notes for Beneficial Interests.*

(1) *Restricted Definitive Notes to Beneficial Interests in Restricted Global Notes.* If any Holder of a Restricted Definitive Note proposes to exchange such Note for a beneficial interest in a Restricted Global Note or to transfer such Restricted Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in a Restricted Global Note, then, upon receipt by the Registrar of the following documentation:

(A) if such Restricted Definitive Note is being transferred to a QIB in accordance with Rule 144A, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (1) thereof;

(B) if such Restricted Definitive Note is being transferred to a Non-U.S. Person in an offshore transaction in accordance with Rule 903 or Rule 904, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item (2) thereof; or

(C) if such Restricted Definitive Note is being transferred pursuant to an exemption from the registration requirements of the Securities Act in accordance with Rule 144, a certificate to the effect set forth in Exhibit B hereto, including the certifications in item 4 thereof;

the Trustee will cancel the Restricted Definitive Note, increase or cause to be increased the aggregate principal amount of, in the case of subparagraph (A) above, the 144A Global Note, and in the case of subparagraphs (B) and (C) above, the Regulation S Global Note.

(2) *Restricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of a Restricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Restricted Definitive Note to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note only if:

(A) [Reserved.]

(B) [Reserved.]

(C) the Registrar receives the following:

(i) if the Holder of such Definitive Notes proposes to exchange such Notes for a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (3) thereof; or

(ii) if the Holder of such Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of a beneficial interest in the Unrestricted Global Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (C), if the Registrar so requests or if the Applicable Procedures so require, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

Upon satisfaction of the conditions of any of the subparagraphs in this Section 2.3(d)(2), the Trustee will cancel the Definitive Notes and increase or cause to be increased the aggregate principal amount of the Unrestricted Global Note.

(3) *Unrestricted Definitive Notes to Beneficial Interests in Unrestricted Global Notes.* A Holder of an Unrestricted Definitive Note may exchange such Note for a beneficial interest in an Unrestricted Global Note or transfer such Definitive Notes to a Person who takes delivery thereof in the form of a beneficial interest in an Unrestricted Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee will cancel the applicable Unrestricted Definitive Note and increase or cause to be increased the aggregate principal amount of one of the Unrestricted Global Notes.

If any such exchange or transfer from a Definitive Note to a beneficial interest is effected pursuant to Section 2.3(d)(1), (d)(2) or (d)(3) above at a time when an Unrestricted Global Note has not yet been issued, the Issuers will issue and, upon receipt of an Authentication Order in accordance with Section 2.2 hereof, the Trustee will authenticate one or more Unrestricted Global Notes in an aggregate principal amount equal to the principal amount of Definitive Notes so transferred.

(e) *Transfer and Exchange of Definitive Notes for Definitive Notes.* Upon request by a Holder of Definitive Notes and such Holder's compliance with the provisions of this Section 2.3(e), the Registrar will register the transfer or exchange of Definitive Notes. Prior to such registration of transfer or exchange, the requesting Holder must present or surrender to the Registrar the Definitive Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by its attorney, duly authorized in writing. In addition, the requesting Holder must provide any additional certifications, documents and information, as applicable, required pursuant to the following provisions of this Section 2.3(e).

(1) *Restricted Definitive Notes to Restricted Definitive Notes.* Any Restricted Definitive Note may be transferred to and registered in the name of Persons who take delivery thereof in the form of a Restricted Definitive Note if the Registrar receives the following:

(A) if the transfer will be made pursuant to Rule 144A, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (1) thereof;

(B) if the transfer will be made pursuant to Rule 903 or Rule 904, then the transferor must deliver a certificate in the form of Exhibit B hereto, including the certifications in item (2) thereof; and

(C) if the transfer will be made pursuant to any other exemption from the registration requirements of the Securities Act, then the transferor

must deliver a certificate in the form of Exhibit B hereto, including the certifications, certificates and Opinion of Counsel required by item (3) thereof, if applicable.

(2) *Restricted Definitive Notes to Unrestricted Definitive Notes.* Any Restricted Definitive Note may be exchanged by the Holder thereof for an Unrestricted Definitive Note or transferred to a Person or Persons who take delivery thereof in the form of an Unrestricted Definitive Note if:

(A) [Reserved.]

(B) [Reserved.]

(C) the Registrar receives the following:

(i) if the Holder of such Restricted Definitive Notes proposes to exchange such Notes for an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item 3 thereof; or

(ii) if the Holder of such Restricted Definitive Notes proposes to transfer such Notes to a Person who shall take delivery thereof in the form of an Unrestricted Definitive Note, a certificate from such Holder in the form of Exhibit B hereto, including the certifications in item (4) thereof;

and, in each such case set forth in this subparagraph (C), if the Registrar so requests, an Opinion of Counsel in form reasonably acceptable to the Registrar to the effect that such exchange or transfer is in compliance with the Securities Act and that the restrictions on transfer contained herein and in the Private Placement Legend are no longer required in order to maintain compliance with the Securities Act.

(3) *Unrestricted Definitive Notes to Unrestricted Definitive Notes.* A Holder of Unrestricted Definitive Notes may transfer such Notes to a Person who takes delivery thereof in the form of an Unrestricted Definitive Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Unrestricted Definitive Notes pursuant to the instructions from the Holder thereof.

(f) [Reserved.]

(g) *Legends.* The following legends will appear on the face of all Global Notes and Definitive Notes issued under this Indenture unless specifically stated otherwise in this subsection (g) or the applicable provisions of this Indenture.

(1) *Private Placement Legend.*

(A) Except as permitted by subparagraph (B) below, each Global Note and each Definitive Note (and all Notes issued in exchange therefor or substitution thereof) shall bear the legend in substantially the following form

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE "RESALE RESTRICTION TERMINATION DATE") THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF SUCH SECURITY), ONLY (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE

REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

(B) Notwithstanding the foregoing, any Global Note or Definitive Note issued pursuant to subparagraphs (b)(4), (c)(3), (c)(4), (d)(2), (d)(3), (e)(2), (e)(3) or (f) of this Section 2.3 (and all Notes issued in exchange therefor or substitution thereof), any Regulation S Global Note and any Additional Notes issued in transactions registered with the SEC will not bear the Private Placement Legend.

(2) *Global Note Legend.* Each Global Note will bear a legend in substantially the following form:

“THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (1) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO APPENDIX A OF THE INDENTURE, (2) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO APPENDIX A OF THE INDENTURE, (3) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.11 OF THE INDENTURE AND (4) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.

UNLESS AND UNTIL IT IS EXCHANGED IN WHOLE OR IN PART FOR NOTES IN DEFINITIVE FORM, THIS NOTE MAY NOT BE TRANSFERRED EXCEPT AS A WHOLE BY THE DEPOSITARY TO A NOMINEE OF THE DEPOSITARY OR BY A NOMINEE OF THE DEPOSITARY TO THE DEPOSITARY OR ANOTHER NOMINEE OF THE DEPOSITARY OR BY THE DEPOSITARY OR ANY SUCH NOMINEE TO A SUCCESSOR DEPOSITARY OR A NOMINEE OF SUCH SUCCESSOR DEPOSITARY. UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITARY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) (“DTC”), TO THE COMPANY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR SUCH OTHER NAME AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR

SUCH OTHER ENTITY AS MAY BE REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.”

(h) *Cancellation and/or Adjustment of Global Notes.* At such time as all beneficial interests in a particular Global Note have been exchanged for Definitive Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note will be returned to or retained and canceled by the Trustee in accordance with Section 2.11 of the Indenture. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note or for Definitive Notes, the principal amount of Notes represented by such Global Note will be reduced accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who will take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note will be increased accordingly and an endorsement will be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(i) *General Provisions Relating to Transfers and Exchanges.*

(1) To permit registrations of transfers and exchanges, the Issuers will execute and the Trustee will authenticate Global Notes and Definitive Notes upon receipt of an Authentication Order in accordance with Section 2.2 hereof or at the Registrar’s request.

(2) No service charge will be made to a Holder of a beneficial interest in a Global Note or to a Holder of a Definitive Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to the Indenture).

(3) The Registrar will not be required to register the transfer of or exchange of any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(4) All Global Notes and Definitive Notes issued upon any registration of transfer or exchange of Global Notes or Definitive Notes will be the valid obligations of the Issuers, evidencing the same debt, and entitled to the same benefits under the Indenture, as the Global Notes or Definitive Notes surrendered upon such registration of transfer or exchange.

(5) Neither the Registrar nor the Issuers will be required:

(A) to issue, to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 of the Indenture and ending at the close of business on the day of selection;

(B) to register the transfer of or to exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part; or

(C) to register the transfer of or to exchange a Note between a record date and the next succeeding interest payment date.

(6) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Issuers may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Issuers shall be affected by notice to the contrary.

(7) The Trustee will authenticate Global Notes and Definitive Notes in accordance with the provisions of Section 2.2 hereof.

(8) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.3 to effect a registration of transfer or exchange may be submitted by facsimile.

[FORM OF NOTE]

[●]% Senior Notes due 20[●]

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (“DTC”), TO THE ISSUERS OR THEIR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF THEIR AUTHORIZED NOMINEE, OR SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO ITS AUTHORIZED NOMINEE, OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, ITS AUTHORIZED NOMINEE, HAS AN INTEREST HEREIN.

[[FOR GLOBAL NOTES ONLY] TRANSFERS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS IN WHOLE, BUT NOT IN PART, TO NOMINEES OF DTC OR TO A SUCCESSOR THEREOF OR SUCH SUCCESSOR’S NOMINEE AND TRANSFERS OF PORTIONS OF THIS GLOBAL NOTE SHALL BE LIMITED TO TRANSFERS MADE IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH IN THE INDENTURE REFERRED TO ON THE REVERSE HEREOF.]

[[FOR REGULATION S GLOBAL NOTE ONLY] UNTIL 40 DAYS AFTER THE CLOSING OF THE OFFERING, AN OFFER OR SALE OF SECURITIES WITHIN THE UNITED STATES BY A DEALER (AS DEFINED IN THE U.S. SECURITIES ACT) MAY VIOLATE THE REGISTRATION REQUIREMENTS OF THE U.S. SECURITIES ACT IF SUCH OFFER OR SALE IS MADE OTHERWISE THAN IN ACCORDANCE WITH RULE 144A THEREUNDER.]

[Restricted Note Legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE “RESALE RESTRICTION TERMINATION DATE”) THAT IS [IN THE CASE OF RULE 144A NOTES: ONE YEAR] [IN THE CASE OF REGULATION S NOTES: 40 DAYS] AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUERS OR ANY AFFILIATE OF THE ISSUERS WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF

SUCH SECURITY), ONLY (A) TO THE ISSUERS, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS NOT A QUALIFIED INSTITUTIONAL BUYER AND THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF \$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, OR (F) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUERS' AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E) OR (F) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE. [IN THE CASE OF REGULATION S NOTES: BY ITS ACQUISITION HEREOF, THE HOLDER HEREOF REPRESENTS THAT IT IS NOT A U.S. PERSON NOR IS IT PURCHASING FOR THE ACCOUNT OF A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT.]

BY ACCEPTANCE OF A NOTE, EACH HOLDER WILL BE DEEMED TO HAVE REPRESENTED AND WARRANTED THAT EITHER (A) NO PORTION OF THE ASSETS USED BY SUCH HOLDER TO ACQUIRE OR HOLD THE NOTES CONSTITUTES THE ASSETS OF ANY EMPLOYEE BENEFIT PLAN THAT IS SUBJECT TO TITLE I OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("ERISA"), A PLAN, INDIVIDUAL RETIREMENT ACCOUNT OR OTHER ARRANGEMENT THAT IS SUBJECT TO SECTION 4975 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE") OR PROVISIONS UNDER ANY OTHER FEDERAL, STATE, LOCAL, NON-U.S. OR OTHER LAWS, RULES OR REGULATIONS THAT ARE SIMILAR TO SUCH PROVISIONS OF ERISA OR THE CODE "SIMILAR LAWS"), OR ENTITY WHOSE UNDERLYING ASSETS ARE CONSIDERED TO INCLUDE "PLAN ASSETS" OF ANY SUCH PLAN, ACCOUNT OR ARRANGEMENT OR (B) THE PURCHASE AND HOLDING OF THE NOTES BY SUCH HOLDER WILL NOT CONSTITUTE A NON-EXEMPT PROHIBITED TRANSACTION UNDER SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE OR A SIMILAR VIOLATION UNDER ANY APPLICABLE SIMILAR LAWS.

[Each Definitive Note shall bear the following additional legend:]

IN CONNECTION WITH ANY TRANSFER, THE HOLDER WILL DELIVER TO THE REGISTRAR AND TRANSFER AGENT SUCH CERTIFICATES AND OTHER INFORMATION AS SUCH TRANSFER AGENT MAY REASONABLY REQUIRE TO CONFIRM THAT THE TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS.

[●]% Senior Notes due 20[●]

No.

NXP B.V.
NXP FUNDING LLC

NXP B.V., a company organized under the laws of The Netherlands, and NXP Funding LLC, a limited liability company organized under the laws of Delaware, jointly and severally promise to pay to Cede & Co. or its registered assigns, the principal sum [set forth on the Schedule of Increases or Decreases in Global Note attached hereto, subject to the adjustments listed therein]¹ [of \$[]], on June 15, 20[●].

Interest Payment Dates: June 15 and December 15, commencing on December 15, 2015.

Record Dates: December 1 and June 1.

Additional provisions of this Note are set forth on the other side of this Note.

(Signature page to follow.)

¹ Use the Schedule of Increases and Decreases language if Note is in Global Form.

IN WITNESS WHEREOF, NXP B.V. and NXP Funding LLC have caused this Note to be signed manually or by facsimile by their duly authorized officers.

Dated: NXP B.V.

By: _____
Name: _____
Title: _____

NXP FUNDING LLC

By: _____
Name: _____
Title: _____

This is one of the Notes referred to in the Indenture.

DEUTSCHE BANK TRUST COMPANY AMERICAS, as
Trustee

By: Deutsche Bank National Trust Company

By: _____
(Authorized Signatory)

By: _____
(Authorized Signatory)

[Signature Page to Note]

1. Interest

NXP B.V., a company organized under the laws of The Netherlands, and NXP Funding LLC, a limited liability company organized under the laws of Delaware (together with NXP B.V. and their respective successors and assigns under the Indenture hereinafter referred to, being herein called “*the Issuers*”), jointly and severally promise to pay interest on the principal amount of this Note at the rate of [●]% per annum. The Issuers shall pay interest semi-annually on December 15 and June 15 of each year commencing on December 15, 2015. The Issuers will make each interest payment to Holders of record of the Notes on the immediately preceding December 1 and June 1, respectively. Interest on the Notes shall accrue from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from June 9, 2015 until the principal hereof is due. Interest shall be computed on the basis of a 360-day year comprised of twelve 30-day months. Each interest period shall end on (but not include) the relevant interest payment date.

2. Method of Payment

Holders must surrender Notes to the relevant Paying Agent to collect principal payments. The Issuers shall pay principal, premium, if any, Additional Amounts, if any, and interest in money of the United States of America that at the time of payment is legal tender for payment of public and private debts. Principal, premium, if any, Additional Amounts, if any, and interest on the Global Notes will be payable at the specified office or agency of one or more Paying Agents; provided that all such payments with respect to Notes represented by one or more Global Notes registered in the name of or held by a nominee of DTC will be made by wire transfer of immediately available funds to the account specified by the Holder or Holders thereof.

Principal, premium, if any, Additional Amounts, if any, and interest on any Definitive Notes will be payable at the specified office or agency of one or more Paying Agents in New York, maintained for such purposes. In addition, interest on the Definitive Notes may be paid by check mailed to the person entitled thereto as shown on the register for the Definitive Notes; *provided, however*, that cash payments on the Notes may also be made, in the case of a Holder of at least \$1,000,000 aggregate principal amount of Notes, by wire transfer to a dollar account maintained by the payee with a bank in the United States of America if such Holder elects payment by wire transfer by giving written notice to the Trustee or the Paying Agent to such effect designating such account no later than 15 days immediately preceding the relevant due date for payment (or such other date as the Trustee may accept in its discretion).

If the due date for any payment in respect of any Note is not a Business Day at the place in which such payment is due to be paid, the Holder thereof will not be entitled to payment of the amount due until the next succeeding Business Day at such place, and will not be entitled to any further interest or other payment as a result of any such delay.

3. Registrar, Paying Agent and Transfer Agent

Initially, Deutsche Bank Trust Company Americas will act as Registrar, Paying Agent and Transfer Agent. The Issuers may appoint and change any Registrar, Paying Agent and Transfer Agent. The Issuers or any of its Restricted Subsidiaries may act as Registrar, Paying Agent and Transfer Agent.

4. Indenture

The Issuers issued the Notes under the Indenture dated as of June 9, 2015 (the “*Indenture*”), among the Issuers, the Guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee (the “*Trustee*”). The terms of the Notes include those stated in the Indenture. Terms defined in the Indenture and not defined herein have the meanings ascribed thereto in the Indenture. The Notes are subject to all terms and provisions of the Indenture, and Holders (as defined in the Indenture) are referred to the Indenture for a statement of such terms and provisions. In the event of a conflict, the terms of the Indenture control.

The Notes are senior obligations of the Issuers. This Note is one of the Notes referred to in the Indenture. The Notes and the Additional Notes are treated as a single class under the Indenture. The Indenture imposes certain limitations on the ability of the Issuers and their Restricted Subsidiaries to, among other things, make certain Investments and other Restricted Payments, pay dividends and other distributions, incur Indebtedness and layer Indebtedness, enter into consensual restrictions upon the payment of certain dividends and distributions by such Restricted Subsidiaries, issue or sell shares of capital stock of such Restricted Subsidiaries, enter into or permit certain transactions with Affiliates, create or incur Liens, make asset sales, impair certain security interests, issue certain guarantees and designate Restricted and Unrestricted Subsidiaries. The Indenture also imposes limitations on the ability of the Issuers to consolidate or merge with or into any other Person or convey, transfer or lease all or substantially all its property.

5. Optional Redemption

(a) At any time prior to May 15, 20[●] (the date one month prior to the maturity date of the 20[●] Notes), the Issuers may redeem such Notes in whole or in part, at their option, upon not less than 15 nor more than 60 days’ prior notice, at a redemption price equal to 100% of the principal amount of such Notes plus the relevant 20[●] Notes Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the redemption date (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date). At any time on or after May 15, 20[●] (the date one month prior to the maturity date of the 20[●] Notes), the Issuers may redeem such Notes, in whole or in part, at any time and from time to time, at the Company’s option, at a redemption price equal to 100% of the principal amount of the Notes to be redeemed plus accrued interest thereon to the date of redemption.

(b) [Reserved]

(c) [Reserved]

(d) Any redemption and notice of redemption may, at the Company's discretion, be subject to the satisfaction of one or more conditions precedent.

6. Optional Tax Redemption

The Issuers or Successor Company may redeem the Notes in whole, but not in part, at any time upon giving not less than 15 nor more than 60 days' notice to the Holders (which notice will be irrevocable) at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to, but excluding, the date fixed for redemption (a "*Tax Redemption Date*") (subject to the right of holders of record on the relevant record date to receive interest due on the relevant interest payment date) and all Additional Amounts, if any, then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise, if any, if the Issuers, Successor Company or Guarantors determine in good faith that, as a result of:

(1) any change in, or amendment to, the law (or any regulations or rulings promulgated thereunder) of a Relevant Taxing Jurisdiction affecting taxation; or

(2) any change in, or amendment to, or the introduction of, an official position regarding the application, administration or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction) of a Relevant Taxing Jurisdiction (each of the foregoing in clauses (1) and (2), a "*Change in Tax Law*"),

the Issuers, Successor Company or Guarantors are, or on the next interest payment date in respect of the Notes would be, required to pay any Additional Amounts, and such obligation cannot be avoided by taking reasonable measures available to the Issuers, Successor Company or Guarantors (including, for the avoidance of doubt, the appointment of a new Paying Agent where this would be reasonable but not including assignment of the obligation to make payment with respect to the Notes). In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that is a Relevant Taxing Jurisdiction at June 2, 2015, such Change in Tax Law must become effective on or after June 2, 2015. In the case of redemption due to withholding as a result of a Change in Tax Law in a jurisdiction that becomes a Relevant Taxing Jurisdiction after June 2, 2015, such Change in Tax Law must become effective on or after the date the jurisdiction becomes a Relevant Taxing Jurisdiction, unless the Change in Tax Law would have applied to the prior Relevant Taxing Jurisdiction. Notice of redemption for taxation reasons will be published in accordance with the procedures described in paragraph 8. Notwithstanding the foregoing, no such notice of redemption will be given (a) earlier than 90 days prior to the earliest date on which the Payor would be obliged to make such payment of Additional Amounts if a payment in respect of the Notes were then due and (b) unless at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. Prior to the publication or mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuers or Successor Company will deliver to the Trustee (a) an Officer's Certificate stating that it is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to its right so to redeem have been satisfied and that it would not be able to avoid the obligation to pay Additional Amounts by taking reasonable measures available to it and (b) an opinion of an independent tax counsel of recognized standing to the effect that the Issuers Successor Company or Guarantors has or have been or will become obligated to pay

Additional Amounts as a result of a Change in Tax Law. The Trustee will accept such Officer's Certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent described above, without further inquiry, in which event it will be conclusive and binding on the Holders.

7. Sinking Fund

The Issuers are not required to make any mandatory redemption or sinking fund payments with respect to the Notes.

8. Notice of Redemption

At least 15 days but not more than 60 days before a date for redemption of Notes, the Issuers shall transmit a notice of redemption in accordance with Section 11.03 of the Indenture and as provided below.

If less than all of the Notes are to be redeemed at any time, the Trustee or the Registrar, as applicable, will select the Notes for redemption in compliance with the requirements of the principal securities exchange, if any, on which the Notes are listed, as certified to the Trustee or the Registrar, as applicable, by the Issuers, and in compliance with the requirements of DTC, or if the Notes are not so listed or such exchange prescribes no method of selection and the Notes are not held through DTC, or DTC prescribes no method of selection, on a pro rata basis; provided, however, that no Note of \$200,000 in aggregate principal amount or less shall be redeemed in part and only Notes in integral multiples of \$1,000 will be redeemed. Neither the Trustee nor the Registrar will be liable for any selections made by it in accordance with this Section.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note shall state the portion of the principal amount thereof to be redeemed, in which case a portion of the original Note will be issued in the name of the Holder thereof upon cancellation of the original Note. In the case of a Global Note, an appropriate notation will be made on such Note to decrease the principal amount thereof to an amount equal to the unredeemed portion thereof. Subject to the terms of the applicable redemption notice (including any conditions contained therein), Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of them called for redemption, unless the redemption price is not paid on the redemption date.

9. Additional Amounts

The Issuers are required to make all payments under or with respect to the Notes or the Note Guarantees free and clear of and without withholding or deduction for or on account of any present or future Taxes in accordance with Section 4.02 of the Indenture.

10. Repurchase of Notes at the Option of Holders upon a Change of Control Triggering Event

If we experience a Change of Control Triggering Event, each Holder will have the right, subject to certain conditions specified in the Indenture, to require the Issuers to repurchase all of the Notes of such Holder at a purchase price equal to 101% of the principal amount of the Notes to be repurchased plus accrued and unpaid interest, if any, to but excluding the date of repurchase as provided in, and subject to the terms of, the Indenture.

11. [Reserved]

12. Denominations; Transfer; Exchange

The Notes are in registered form without interest coupons in minimum denominations of \$200,000 and multiples of \$1,000 in excess thereof. A Holder may transfer or exchange Notes in accordance with the Indenture. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging Holder to, among other things, furnish appropriate endorsements and transfer documents, to furnish information regarding the account of the transferee at DTC, where appropriate, to furnish certain certificates and opinions, and to pay any taxes, duties and governmental charges in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the Holder, other than any taxes, duties and governmental charges payable in connection with such transfer.

13. Persons Deemed Owners

Except as *provided* in paragraph 2 of this Note, the registered Holder of this Note will be treated as the owner of it for all purposes.

14. Unclaimed Money

If money for the payment of principal or interest remains unclaimed for two years, the Trustee or Paying Agent shall pay the money back to the Issuers at their written request unless an abandoned property law designates another Person. After any such payment, Holders entitled to the money must look to the Issuers for payment as general creditors and the Trustee and the Paying Agent shall have no further liability with respect to such monies.

15. Discharge and Defeasance

Subject to certain conditions, the Issuers at any time may terminate some of or all their obligations under the Notes and the Indenture if the Issuers, among other things, deposit or cause to be deposited with the Trustee money or U.S. Government Obligations denominated in U.S. dollars in such amounts as will be sufficient for the payment of the entire Indebtedness including principal of, premium, if any, and interest on the Notes to the date of redemption or maturity, as the case may be.

16. Amendment, Waiver

The Indenture and the Notes may be amended as set forth in the Indenture.

17. Defaults and Remedies

(a) The following events constitute "*Events of Default*" under the Indenture: An "*Event of Default*" occurs if or upon:

(1) default in any payment of interest or Additional Amounts, if any, on any Note issued under the Indenture when due and payable, if that default continues for a period of 30 days, or failure to comply for 30 days with the notice provisions in connection with a Change of Control Triggering Event;

(2) default in the payment of the principal amount of or premium, if any, on any Note issued under the Indenture when due at its Stated Maturity or upon optional redemption or otherwise (including the failure to pay the repurchase price for such Notes tendered pursuant to an Offer to Purchase), if that default or failure continues for a period of two days;

(3) failure to comply for 90 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in aggregate principal amount of the outstanding Notes with any of the Issuers' obligations under Article 4 or 5 of the Indenture (in each case, other than an Event of Default under Section 6.01 (a)(1) or 6.01(a)(2) of the Indenture);

(4) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by either Issuer or any of its Significant Subsidiaries (or the payment of which is Guaranteed by either Issuer or any of its Significant Subsidiaries) other than Indebtedness owed to either Issuer or a Significant Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, which default:

(a) is caused by a failure to pay principal at Stated Maturity on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness; or

(b) results in the acceleration of such Indebtedness prior to its maturity;

and, in each case, the aggregate principal amount of any such Indebtedness, together with the aggregate principal amount of any other such Indebtedness under which there has been a payment default or the maturity of which has been so accelerated, aggregates €200.0 million or more;

(5) either Issuer or a Significant Subsidiary institutes or consents to the institution of any proceeding under any Debtor Relief Law, or makes an assignment for the benefit of creditors; or applies for or consents to the appointment of any receiver, trustee, custodian, conservator, liquidator, rehabilitator, administrator, administrative receiver or similar office is appointed without the application or consent of such Person and the appointment continues undischarged or unstayed for sixty (60) calendar days; or any proceeding under any Debtor Relief Law relating to any such Person or to all or any material part of its property or assets is instituted without the consent of such Person and continues undismissed or unstayed for (60) calendar days, or an order for relief is entered in any such proceeding;

(6) failure by the Issuers or any Significant Subsidiary to pay final judgments aggregating in excess of €200.0 million (exclusive of any amounts that a solvent insurance company has acknowledged liability for), which judgments are not paid, discharged or stayed for a period of 60 days after the judgment becomes final and non-appealable; and

(7) any Guarantee ceases to be in full force and effect, other than in accordance with the terms of the Indenture or a Guarantor denies or disaffirms in writing its obligations under its Guarantee, other than in accordance with the terms thereof or upon release of the Guarantee in accordance with the Indenture.

(b) A default under Sections 6.01(a)(3), or 6.01(a)(6) of the Indenture will not constitute an Event of Default until the Trustee or the Holders of 30% in aggregate principal amount of the outstanding Notes under the Indenture notify the Issuers of the default and the Issuers do not cure such default within the time specified in Sections 6.01(a)(3), or 6.01(a)(6) of the Indenture, as applicable, after receipt of such notice.

(c) If an Event of Default (other than an Event of Default described in Section 6.01(a)(5) of the Indenture) occurs and is continuing the Trustee by notice to either Issuer or the Holders of at least 30% in aggregate principal amount of the outstanding Notes under the Indenture by written notice to either Issuer and the Trustee, may, and the Trustee at the request of such Holders shall, declare the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes under the Indenture to be due and payable. Notwithstanding the foregoing, in the case of an Event of Default arising from certain events of bankruptcy or insolvency, the principal of, premium, if any, and accrued and unpaid interest, including Additional Amounts, if any, on all the Notes will become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holders.

18. Trustee Dealings with the Issuers

The Trustee under the Indenture, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with and collect obligations owed to it by the Issuers or their Affiliates and may otherwise deal with the Issuers or their Affiliates with the same rights it would have if it were not Trustee.

19. No Recourse Against Others

No director, manager, officer, employee, incorporator or shareholder of either Issuer or any of its Subsidiaries or any parent company of either Issuer shall have any liability for any obligations of either Issuer or any Subsidiary with respect to the Notes or the Indenture, or for any claim based on, in respect of, or by reason of such obligations or their creation. Each Holder by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

20. Authentication

This Note shall not be valid until an authorized signatory of the Trustee (or an authenticating agent acting on its behalf) manually signs the certificate of authentication on the other side of this Note. The signature shall be conclusive evidence that the security has been authenticated under the Indenture.

21. Abbreviations

Customary abbreviations may be used in the name of a Holder or an assignee, such as TEN COM (=tenants in common), TEN ENT (=tenants by the entireties), JT TEN (=joint tenants with rights of survivorship and not as tenants in common), CUST (=custodian), and U/G/M/A (=Uniform Gift to Minors Act).

22. Governing Law

THIS SECURITY SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

23. CUSIP Numbers, Common Codes and ISIN Numbers

The Issuers in issuing the Notes may use CUSIP Numbers, Common Codes and ISIN numbers (if then generally in use) and, if so, the Trustee shall use CUSIP Numbers, Common Codes and ISIN numbers in notices of redemption as a convenience to Holders; provided, however, that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of a redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers.

The Issuers will furnish to any Holder of Notes upon written request and without charge to the Holder a copy of the Indenture which has in it the text of this Note.

[FORM OF ASSIGNMENT FORM]

To assign this Note, fill in the form below:

I or we assign and transfer this Note to:

(Print or type assignee's legal name)

(Insert assignee's soc. sec. or tax I.D. No.)

(Insert assignee's name, address and zip code)

and irrevocably appoint

to transfer this Note on the books of the Issuers. The agent may substitute another to act for him.

Date: _____

Your Signature:

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee*: _____

*(Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee)

[FORM OF CERTIFICATE TO BE DELIVERED UPON EXCHANGE OR
REGISTRATION OF TRANSFER RESTRICTED NOTES]

This certificate relates to \$ _____ principal amount of Notes held in (check applicable box) book-entry or definitive registered form by the undersigned.

The undersigned (check one box below):

- has requested the Trustee by written order to deliver, in exchange for its beneficial interest in the Global Note held by the Depository, a Definitive Note in definitive, registered form of authorized denominations and an aggregate principal amount equal to its beneficial interest in such Global Note (or the portion thereof indicated above);
- has requested the Trustee by written order to exchange or register the transfer of a Note.

In connection with any transfer of any of the Notes evidenced by this certificate occurring prior to the expiration of the period referred to in Rule 144 under the Securities Act, the undersigned confirms that such Notes are being transferred in accordance with its terms:

CHECK ONE BOX BELOW

- (1) to the Issuers; or
- (2) to the Registrar for registration in the name of the Holder, without transfer; or
- (3) pursuant to an effective registration statement under the U.S. Securities Act of 1933; or
- (4) inside the United States to a “qualified institutional buyer” (as defined in Rule 144A under the Securities Act of 1933) that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that such transfer is being made in reliance on Rule 144A, in each case pursuant to and in compliance with Rule 144A under the Securities Act of 1933; or
- (5) outside the United States in an offshore transaction within the meaning of Regulation S under the Securities Act in compliance with Rule 904 under the Securities Act of 1933 and such Note shall be held immediately after the transfer through DTC until the expiration of the Restricted Period (as defined in the Indenture); or
- (6) pursuant to Rule 144 under the U.S. Securities Act of 1933 or another available exemption from registration.

Unless one of the boxes is checked, the Trustee will refuse to register any of the Notes evidenced by this certificate in the name of any Person other than the registered Holder thereof, *provided, however*, that if box (5) or (6) is checked, the Trustee may require, prior to registering

any such transfer of the Notes, such legal opinions, certifications and other information as the Trustee or the Issuers have reasonably requested to confirm that such transfer is being made pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act of 1933.

Date:

Your Signature:

Sign exactly as your name appears on the other side of this Note.

Signature Guarantee*: _____

*(Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee)

TO BE COMPLETED BY PURCHASER IF (4) ABOVE IS CHECKED.

The undersigned represents and warrants that it is purchasing this Note for its own account or an account with respect to which it exercises sole investment discretion and that it and any such account is a "qualified institutional buyer" within the meaning of Rule 144A under the U.S. Securities Act of 1933, and is aware that the sale to it is being made in reliance on Rule 144A and acknowledges that it has received such information regarding the Issuers as the undersigned has requested pursuant to Rule 144A or has determined not to request such information and that it is aware that the transferor is relying upon the undersigned's foregoing representations in order to claim the exemption from registration *provided* by Rule 144A.

Date:

Signature: _____
(to be executed by an executive officer of purchaser)

[TO BE ATTACHED TO GLOBAL NOTES]

[FORM OF SCHEDULE OF INCREASES OR DECREASES IN GLOBAL NOTE]

The initial principal amount of this Global Note is \$[●]. The following increases or decreases in this Global Note have been made:

Date of Increase/Decrease	Amount of Decrease in Principal Amount of this Global Note	Amount of Increase in Principal Amount of this Global Note	Principal amount of this Global Note following such decrease or increase	Signature of authorized signatory of Trustee
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[FORM OF OPTION OF HOLDER TO ELECT PURCHASE]

If you want to elect to have this Note purchased by the Issuers pursuant to Section 4.03 (Offer to Repurchase upon Change of Control Triggering Event) of the Indenture, check the box:

Change of Control

If you want to elect to have only part of this Note purchased by the Issuers pursuant to Section 4.03 of the Indenture, state the amount (minimum amount of \$200,000):

\$ _____

Date: _____

Your Signature:

(Sign exactly as your name appears on the other side of the Note)

Signature Guarantee*: _____

*(Signature must be guaranteed by a participant in a recognized signature guaranty medallion program or other signature guarantor acceptable to the Trustee)

[FORM OF CERTIFICATE OF TRANSFER]

Deutsche Bank Trust Company Americas
Trust and Agency Services
60 Wall Street
16th Floor
New York, NY 10005
USA

Re: **[●] % Senior Notes due 20[●] NXP B.V. and NXP Funding LLC (the “Notes”)**

Reference is hereby made to the Senior Indenture dated June 9, 2015 among NXP B.V. and NXP Funding LLC, as Issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee (the “*Indenture*”). Capitalized terms used but not defined herein shall have the meanings given to them in the Indenture.

(the “*Transferor*”) owns and proposes to transfer the Note/Notes or interest in such Note/Notes (the “*Book-Entry Interest*”) specified in Annex A hereto, in the principal amount of \$ _____ in such Note/Notes or interests (the “*Transfer*”), to _____ (the “*Transferee*”), as further specified in Annex A hereto. In connection with the Transfer, the Transferor hereby certifies that:

[CHECK ALL THAT APPLY]

1. **Check if Transfer is Pursuant to Rule 144A.** The Transfer is being effected pursuant to and in accordance with Rule 144A under the U.S. Securities Act of 1933 (the “*Securities Act*”), and, accordingly, the Transferor hereby further certifies that the Book-Entry Interest or Definitive Note is being transferred to a Person that the Transferor reasonably believed and believes is purchasing the Book-Entry Interest or Definitive Note for its own account, or for one or more accounts with respect to which such Person exercises sole investment discretion, and such Person and each such account is a “qualified institutional buyer” within the meaning of Rule 144A to whom notice was given that the Transfer was being made in reliance on Rule 144A and such Transfer is in compliance with any applicable securities laws of any state of the United States or any other jurisdiction. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Definitive Note will be subject to the restrictions on transfer enumerated in the Restricted Notes Legend printed on the Rule 144A Global Note and/or the Rule 144A Definitive Note and in the Indenture and the Securities Act.

2. **Check if Transfer is pursuant to Regulation S.** The Transfer is being effected pursuant to and in accordance with Regulation S under the Securities Act and, accordingly, the Transferor hereby further certifies that (i) the Transfer is not being made to a person in the United States and (A) at the time the buy order was originated, the Transferee was outside the United States or such Transferor and any Person acting on its behalf reasonably believed and believes that the Transferee was outside the United States or (B) the transaction was executed in, on or through

the facilities of a designated offshore securities market and neither such Transferor nor any Person acting on its behalf knows that the transaction was prearranged with a buyer in the United States; (ii) no directed selling efforts have been made in contravention of the requirements of Regulation S under the Securities Act; (iii) the transaction is not part of a plan or scheme to evade the registration requirements of the U.S. Securities Act; and (iv) the transfer is not being made to a U.S. Person or for the account or benefit of a U.S. Person. Upon consummation of the proposed transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will be subject to the restrictions on transfer printed on the Regulation S Global Note and/or the Regulation S Definitive Note and contained in the Securities Act, the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction.

3. **Check if Transfer is Pursuant to Other Exemption.** (i) The Transfer is being effected pursuant to and in compliance with an exemption from the registration requirements of the Securities Act other than Rule 144 or Regulation S and in compliance with the transfer restrictions contained in the Indenture and any applicable blue sky securities laws of any State of the United States and (ii) the restrictions on transfer contained in the Indenture and the Restricted Notes Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred beneficial interest or Definitive Note will not be subject to the restrictions on transfer enumerated in the Restricted Notes Legend.

4. **Check if Transfer is Pursuant to Rule 144.** (i) The Transfer is being effected pursuant to and in accordance with Rule 144 under the Securities Act and in compliance with the transfer restrictions contained in the Indenture and any applicable securities laws of any state of the United States or any other jurisdiction; (ii) the Transferor is not (and during the three months preceding the Transfer was not) an Affiliate of the Issuer, (iii) at least one year has elapsed since such Transferor (or any previous transferor of such Book-Entry Interest or Definitive Note that was not an Affiliate of the Issuers) acquired such Book-Entry Interest or Definitive Note from the Issuers or an Affiliate of the Issuers, and (iv) the restrictions on transfer contained in the Indenture and the Restricted Notes Legend are not required in order to maintain compliance with the Securities Act. Upon consummation of the proposed Transfer in accordance with the terms of the Indenture, the transferred Book-Entry Interest or Rule 144A Definitive Note will no longer be subject to the restrictions on transfer enumerated in the Restricted Notes Legend printed on the Rule 144A Global Note and/or the Rule 144A Definitive Note and in the Indenture.

This certificate and the statements contained herein are made for your benefit and the benefit of the Issuers and the Trustee.

[Insert Name of Transferor]

By:
Name:
Title:

Dated:

ANNEX A TO CERTIFICATE OF TRANSFER

1. The Transferor owns and proposes to transfer the following: CHECK ONE]
- (a) a Book-Entry Interest held through DTC Account No. _____, in the:
 - (i) Rule 144A Global Note ([CUSIP/ISIN/COMMON CODE] _____); or
 - (ii) Regulation S Global Note ([CUSIP/ISIN/COMMON CODE] _____); or
 - (b) a Rule 144A Definitive Note; or
 - (c) a Regulation S Definitive Note.

2. After the Transfer the Transferee will hold:

[CHECK ONE]

- (a) a Book-Entry Interest through DTC Account No. _____ in the:
 - (i) Rule 144A Global Note ([CUSIP/ISIN/COMMON CODE] _____); or
 - (ii) Regulation S Global Note ([CUSIP/ISIN/COMMON CODE] _____) or
- (b) a Rule 144A Definitive Note; or
- (c) a Regulation S Definitive Note.

E-B-3

[FORM OF OFFICER'S COMPLIANCE CERTIFICATE DELIVERED PURSUANT TO
SECTION 4.08 OF THE INDENTURE]

OFFICER'S COMPLIANCE CERTIFICATE OF NXP B.V.

Pursuant to Section 4.08 of the Senior Indenture dated June 9, 2015 (the "*Indenture*") among NXP B.V. (the "*Company*") and NXP Funding LLC, as Issuers, the guarantors party thereto and Deutsche Bank Trust Company Americas, as Trustee, the undersigned, [●], [officer], of the Company, do hereby certify on behalf of the Company that:

1. a review of the activities of the Company during the preceding fiscal year has been made under my supervision with a view to determining whether the Company has kept, observed, performed and fulfilled its obligations under the Indenture; and
2. as to the best of my knowledge, the Company has kept, observed, performed and fulfilled each and every covenant contained in this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of the Indenture [or, if a Default or Event of Default shall have occurred, describe all such Defaults or Events of Default of which you have knowledge and what action the Company is taking or proposes to take with respect thereto] and to the best of my knowledge no event has occurred and remains in existence by reason of which payments on account of the principal of or interest or Additional Amounts, if any, on the Notes is prohibited [or if such event has occurred, give a description of the event and what action the Company is taking or proposes to take with respect thereto].

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate this [] day of [], 20[].

NXP B.V.

by _____
Name:
Title:

E-C-2

Global NXP Stock Option Program 2015/16

**TERMS AND CONDITIONS
OF
GLOBAL NXP STOCK OPTION PROGRAM 2015/16**

**Article 1
Definitions**

In this Global NXP Stock Option Program the following definitions shall apply:

1. Board: The board of directors of NXP.
2. Change of Control: a transaction or series of transactions or the conclusion of an agreement, which alone or taken together has the effect that as a result thereof a third party, or third parties acting in concert obtains, whether directly or indirectly, Control of NXP.
3. Closing Price: the price of a Share listed at the NASDAQ Global Select Market ("NASDAQ") with dividend, if any, at closing of NASDAQ . If on the date of receipt of an Exercise Notice, Shares have not been traded at NASDAQ, the Closing Price will be the opening price of the first subsequent trading day at NASDAQ.
4. Control: (i) the ownership, whether direct or indirect, of a party or parties acting in concert, of more than 50.1% percent of (a) the issued Share capital and/or (b) the voting rights in the general meeting of shareholders; or (ii) the right, whether direct or indirect, of a party or parties acting in concert to control the composition of the majority of the Board of NXP, or the majority of its voting rights, by contract or otherwise.
5. Custody Account: a custody account maintained in the name of an Option Holder.
6. Date of Grant: the date at which the Options shall be deemed granted to the Option Holder pursuant to this Program. The Dates of Grant shall be the same dates as the dates of publication of NXP annual and/or quarterly results. As an exception, under this Program Options also may be granted at the date of completion of the merger transaction between NXP and Freescale Semiconductor, Ltd. The relevant Date of Grant with respect to any grant hereunder shall be determined by NXP.
7. Eligible Individual: means an employee of the group of which NXP forms part or such other person as determined by or on behalf of the Board.
8. Employing Company: any company within the group of which NXP forms part and such other company as designated by or on behalf of the Board.

9. Exercise Notice: a notice in which an Option Holder indicates that he will exercise his vested Options.
10. Exercise Period: the term during which an Option can be exercised.
11. Exercise Price: the price to be paid by the Option Holder to acquire a Share upon exercising an Option. Such price will be equal to the Closing Price on the applicable Date of Grant.
12. Good Reason: If the Option Holder does not have an employment agreement with the Employing Company in which Good Reason is defined, "Good Reason" means, in the absence of the Option Holder's written consent, any of the following: (i) a material reduction by the Employing Company in the Option Holder's base salary or target bonus unless the base salary or target bonus of other NXP employees or officers in a similar position is reduced by a similar percentage or amount as part of company-wide cost reductions; or (ii) a material diminution in the Option Holder's duties or responsibilities (other than as a result of the Option Holder'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 Option Holder or his or her representative and such diminution lasts only for so long as such doctor determines such incapacity impairs the Option Holder's ability to materially perform his or her duties or responsibilities). A lateral job change that does not materially diminish the Option Holder's duties or responsibilities and does not affect the Option Holder's reporting relationship will not constitute Good Reason.
13. Grant: a grant of an Option to any Eligible Individual by NXP.
14. Grant Letter the letter in which Options are granted to an Eligible Individual.
15. NXP: NXP Semiconductors N.V.
16. Option: a right granted by NXP under this Program to acquire one Share or the value in cash thereof, subject to this Program.
17. Option Holder: a person holding any Options under this Program.
18. Program: this Global NXP Stock Option Program.
19. Share: a common share in the share capital of NXP.

Article 2
Grant of Options

1. Any Options may be granted by or on behalf of the Board to an Eligible Individual, subject to the terms and conditions of this Program and any other NXP policies or guidelines that may apply to such individual. Any Options granted to any such individual and the terms and conditions governing such Options shall be deemed accepted by such individual with effect from the applicable Date of Grant in case NXP has not received, in accordance with a procedure established by NXP, a notice of rejection of such Options within fourteen (14) days following the Grant Letter or such later date as may be determined by NXP.
2. The Grant Letter shall reflect, inter alia, the Date of Grant, the number of Options awarded, the Exercise Price and the vesting schedule.

Article 3
Vesting

Options will vest over a vesting period of up to four years as specified in the Grant Letter, whereby any 1/4 of the Options will vest at each anniversary of the Date of Grant, subject to Article 9 (Termination of Employment) and subject to any specifications in the Grant Letter. In the event that the Option Holder's employment is terminated by the Employing Company without the Option Holder being a Bad Leaver (as defined in Article 9(4)) or by the Option Holder for Good Reason, in either case within twelve months following a Change of Control, all unvested Options shall become immediately vested (for 100% accelerated vesting), unless the Grant Letter stipulates differently.

Article 4
Exercise of Options

1. Vested Options can only be exercised during the Exercise Period. Unvested or lapsed Options cannot be exercised.
2. The Exercise Period commences on the vesting of the relevant Options and terminates on the tenth anniversary of the Date of Grant, subject to Article 8(2)(e).
3. Vested Options can only be exercised by (i) submitting an Exercise Notice, and (ii) payment of the Exercise Price. Vested Options may in principle only be exercised subject to a minimum of ten (10) units.
4. The Exercise Notice should contain (i) the Date of Grant of the Options an Option Holder wishes to exercise and (ii) the number of Options to be exercised and whether Shares to be obtained upon such exercise:
 - a. be sold, on behalf of the Option Holder as soon as possible. Upon such sale, the aggregate revenue of the Shares sold upon exercise of the Options less the Exercise Price multiplied by the number of such Options, and further costs and Taxes, will be paid to the Option Holder in accordance with a procedure determined by NXP; or
 - b. be delivered to the Option Holder as provided for in 0. In case the Option Holder elects to have the Shares to be delivered to him, the Exercise Notice shall contain the details of the Custody Account to which the Shares shall be delivered, and shall be

accompanied by the payment in full of the Exercise Price, multiplied by the number of Options so being exercised, and further costs and Taxes. Such payment shall be made: (a) in cash, (b) through simultaneous sale through a broker of Shares acquired on exercise, subject to it being permitted under the applicable regulations, (c) through additional methods prescribed by NXP or (d) by a combination of any such method.

Article 5
Cash Alternative

In exceptional circumstances, at the sole discretion of the Board, upon receipt of an Exercise Notice NXP may advise an Option Holder resident outside the Netherlands to request in writing an amount in cash as an alternative to Shares. Upon such request the Option Holder is entitled to receive an amount in U.S. Dollars, equal to the Closing Price minus the Exercise Price, multiplied by the number Options being exercised. Any costs to be paid and any applicable Taxes due shall be deducted from the amount to be received by the Option Holder.

Article 6
Non-transferability

The Options are strictly personal, and may not be assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of in any manner nor may any transaction be entered into with the same effect. For the avoidance of doubt, in case of death of the Option Holder during the Exercise Period, all vested Options held by such Option Holder at the date of his death shall pass to such Option Holder's heirs or legatees in accordance with applicable inheritance laws. The Option Holder may not engage in any transactions on any exchange on the basis of any Options.

Article 7
Capital Adjustments in corporate events

NXP may make any equitable adjustment or substitution of (a) the number or kind of Shares subject to the Options, and/or (b) the Exercise Price, as it, in its sole discretion, deems equitable to reflect any significant corporate event of or by NXP, for example a change in the outstanding Shares by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distribution to holders of Shares other than regular cash dividends.

The effect of the adjustment or substitution shall be to preserve both the aggregate difference and the aggregate ratio between the Exercise Price and the fair market value of the Shares to be acquired upon exercise of the Options. The Option Holder shall be notified promptly of such adjustment or substitution.

Article 8
Costs and Taxes

1. All costs of delivering any Shares under this Program to an Option Holder's Custody Account and any other costs connected with the Shares shall be borne by the Option Holder.
2. 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 of any Options or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Option Holder in connection with this Program (including, but not limited to, the grant, the ownership and/or the exercise of the Options, and/or the delivery, ownership and/or the sale of any Shares acquired under this Program) shall be for the sole risk and account of the Option Holder.

3. NXP and its subsidiaries shall have the right to deduct or withhold (or cause to be deducted or withheld) from any salary payment or other sums due by NXP or any of its subsidiaries to an Option Holder, or requiring the Option Holder or beneficiary of the Option Holder, to pay to NXP or any of its subsidiaries as indicated by NXP an amount necessary to settle any Taxes and any costs determined by NXP necessary to be withheld in connection with this Program (including, but not limited to, the grant of the Options or the delivery of any Shares under this Program).
4. NXP shall not be required to deliver any Shares and NXP may delay (or cause to be delayed) the transfer of any Shares to a Custody Account, until NXP has received an amount, or the Option Holder has made such arrangements, required by NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Option Holder in connection with this Program as determined by NXP.

Article 9

Lapse of Options at termination of employment

1. Unvested Options shall lapse, on the earliest of the following occasions, without notice and without any compensation:
 - a. if an Option Holder's employment terminates and such Option Holder is no longer employed by any Employing Company;
 - b. upon violation by the Option Holder of any provision of this Program or the Grant Letter in which case the Options shall lapse on the date of such violation (rather than the date on which such violation comes to the attention of NXP).
2. Vested Options shall lapse on the earliest of the following occasions, without notice and without any compensation:
 - a. the tenth anniversary of the Date of Grant, subject to Article 9(2)(e);
 - b. if an Option Holder becomes a Bad Leaver (as defined in Article 9(4));
 - c. if an Option Holder becomes a Good Leaver (as defined in Article 9(0), in which case the Options lapse on the earlier of (i) 10 years of the Date of Grant, or (ii) 5 years from the date on which the Option Holder's employment terminates;
 - d. If an Option Holder becomes an Ordinary Leaver, in which case the Options lapse after 6 months from the date on which the Option Holder's employment terminates;
 - e. If an Option Holder becomes a Good Leaver by reason of death or legal incapability, and the remaining Exercise Period with respect to the relevant Options is less than 12 months, the Options shall remain exercisable for a period of 12 months as of the date the Option Holder dies or becomes legal incapable;
 - f. if an Option Holder is a Good Leaver or an Ordinary Leaver and after termination of his employment breaches any of the covenants of his employment or service contract or the termination thereof, in each case relating to non-competition, confidentiality, non-solicitation or any other provision of his employment or the aforementioned agreements that survive the termination of his employment, in which case the Options lapse on the date of such breach (rather than the date on which such breach comes to the attention of NXP). In any event, if an Option Holder is a Good Leaver or an Ordinary Leaver and - directly or indirectly and in any capacity whatsoever - personally actively solicits or personally actively endeavors to entice away or personally actively recruits any NXP employees, the Options lapse with immediate effect (rather than the date on which such breach comes to the attention of NXP);

g. upon violation by the Option Holder of any provision of this Program or the Grant Letter, in which case the Options shall lapse on the date of such violation (rather than the date on which such violation comes to the attention of NXP);

- h. when an Option is exercised in accordance with this Program; and,
 - i. at the end of the Exercise Period.
3. For purposes of this Program, a “Good Leaver” shall be an Option Holder whose employment with NXP or an Employing Company is terminated due to:
- a. death;
 - b. disability (i.e., the incapacity to continue employment due to ill health or disability under applicable local employment and social security legislation and regulations);
 - c. retirement in accordance with Article 9(6); or
 - d. legal incapability.
4. For purposes of this Program, a “Bad Leaver” shall be an Option Holder whose employment with NXP or an Employing Company is terminated (i) following the Option Holder committing an act of theft, fraud or deliberate falsification of records in relation to his duties for NXP or the Employing Company, (ii) following the Option Holder being convicted of or pleading guilty to a serious criminal offence (*misdrif*) relating to his duties for NXP or the Employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (i) and/or (ii) has a material adverse effect upon NXP or the Employing Company, (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code for cause, or (iv) an Option Holder twelve (12) months period following the termination of employment, directly or indirectly and in any capacity whatsoever engage in any activities in competition with the activities of any member of the NXP group, including the Option Holder personally actively soliciting or personally actively endeavoring to entice away or personally actively recruiting any NXP employees in said period.
5. For purposes of this Program, an “Ordinary Leaver” shall be an Option Holder whose employment with NXP or an Employing Company is terminated and who is not a Bad Leaver or a Good Leaver.
6. For purposes of Article 9(0)(c), an Option Holder’s is deemed to be retired if his employment is terminated and he is eligible to receive an immediate (early) retirement benefit under an (early) retirement plan of an Employing Company under which such Option Holder was covered, provided that payment of such (early) retirement benefit commences immediately following such termination and subject to the terms, conditions or guidelines that NXP may apply to such Option Holder. In case no retirement plan is provided by NXP in the country where the Option Holder resides, retirement will be determined in the context of local practice, including, but not limited to, eligibility to a state retirement plan. With respect to an Option Holder who is eligible to participate in a U.S. retirement or pension plan and who is a not a party to a contract governing employment conditions or benefits with an entity which is domiciled outside of the United States, the Option Holder’s employment shall be deemed terminated as a result of retirement if such Option Holder’s employment is terminated and, at the time of his or her termination of employment the Option Holder has at least five (5) years of service with an U.S. Employing Company and has attained the age of fifty-five (55) years.

Article 10
Delivery and Custody Account

1. NXP may require an Option Holder to maintain a Custody Account in connection with this Program. Nothing contained in this Program shall obligate NXP to establish or maintain or cause to establish or maintain a Custody Account for any Option Holder. The Option Holder will provide NXP with the details thereof.
2. Shares obtained upon exercise of Options, will be delivered by NXP, as soon as reasonably practical after the exercise, to the Option Holder's Custody Account.
3. In case the Option Holder has failed to notify NXP with the details of his Custody Account, the Option Holder shall be deemed to have requested NXP to sell or cause to sell such corresponding Shares in accordance with Article 4(4)(a).

Article 11
General Provisions

Insider trading rules

1. Each Option Holder shall comply with any applicable "insider trading" laws and regulations, including the "NXP Semiconductor N.V. rules on holding and trading in NXP Securities".

Authority for this Program

2. NXP shall have the authority to interpret this Program, to establish, amend, and rescind any rules and regulations relating to this Program, to determine and - if deemed necessary or advisable - amend the terms and conditions of any agreements entered into hereunder, to make all other determinations necessary or advisable for the administration of this Program. To the extent required by law, the general meeting of shareholders of NXP will be requested to adopt or approve such changes.
3. The terms and conditions in force from time to time are published on the NXP' intranet and on the website of the administrator of this Program and apply to all Options granted and the Shares obtained under this Program. NXP may delegate the authority to perform administrative and operational functions with respect to this Program to officers or employees of subsidiaries of NXP and to service providers.

Shareholder rights

4. No Option Holder shall have any rights or privileges of shareholders (including the right to receive dividends and to vote) with respect to Shares to be delivered pursuant to the exercise of any Options until such Shares are actually delivered to him in accordance with 0 of this Program.

Non-recurring discretionary grant

5. Eligibility and participation shall be at the sole discretion of NXP or the Employing Company and as such do not qualify as terms and conditions of employment. The Grant in one year does not create rights for future years.

6. Options granted, Shares obtained or cash received under this Program shall not be considered as compensation in determining an Option Holder'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.
7. Nothing contained in this Program, Grant Letter or any agreement entered into pursuant hereto shall confer upon any Option Holder any right to be retained employed with any Employing Company, or to be entitled to any remuneration or benefits not set forth in this Program or interfere with or limit in any way with the right of any Employing Company or any of its subsidiaries to terminate such Option Holder's employment or to discharge or retire any Option Holder at any time.

Miscellaneous

8. If a provision of this Program is deemed illegal or invalid, the illegality or invalidity shall not affect the remaining parts of this Program, this Program shall be construed as if the illegal or invalid provisions had not been included in this Program.
9. Where the context requires, words in either gender shall include also the other gender.

Choice of law and forum

10. This Program shall be governed by and construed in accordance with the laws of The Netherlands, without regard to its principles of conflict of laws. Any dispute arising under or in connection with this Program shall be settled by the competent courts in Amsterdam, The Netherlands.

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**TERMS AND CONDITIONS
OF
NXP PERFORMANCE STOCK UNITS PLAN 2015/16**

**Article 1
Definitions**

In this NXP Performance Stock Units Plan the following definitions shall apply:

1. Board: the board of directors of NXP.
2. Change of Control: a transaction or series of transactions or the conclusion of an agreement, which alone or taken together has the effect that as a result thereof a third party, or third parties acting in concert, obtains, whether directly or indirectly, Control of NXP.
3. Control: (i) the ownership, whether direct or indirect, of a party or parties acting in concert, of more than 50.1% percent of (a) the issued Share capital and/or (b) the voting rights in the general meeting of shareholders; or (ii) the right, whether direct or indirect, of a party or parties acting in concert to control the composition of the majority of the Board of NXP, or the majority of its voting rights, by contract or otherwise.
4. Custody Account: a custody account maintained in the name of a Participant.
5. Date of Grant: the date at which a Performance Stock Unit is granted pursuant to this Plan. The Dates of Grant of any Performance Stock Units shall be the same dates as the dates of publication of the NXP' annual and/or quarterly results. As an exception, under this Program Performance Stock Units also may be granted at the date of completion of the merger transaction between NXP and Freescale Semiconductor, Ltd. The relevant Date of Grant and categorization of any Performance Stock Unit with respect to any grant hereunder shall be determined by NXP.
6. Date of Vesting: The date at which the relevant performance conditions and requisite service period, if any, as indicated in the Grant Letter, for the relevant Performance Stock Unit is met, subject to confirmation by NXP in accordance with a procedure established by NXP. In case performance conditions are combined with a requisite service period, the Date of Vesting will be the date at which both the performance conditions and the requisite service period have been met,
7. Eligible Individual: means an employee of the group of which NXP forms part or such other person as determined by or on behalf of the Board.

8. Employing Company: any company within the group of which NXP forms part and such other company as designated by or on behalf of the Board.
9. Good Reason: 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 base salary or target bonus unless the base salary or target bonus of other NXP employees or officers in a similar position is reduced by a similar percentage or amount as part of company-wide cost reductions; 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). A lateral job change that does not materially diminish the Participant's duties or responsibilities and does not affect the Participant's reporting relationship will not constitute Good Reason.
10. Grant Letter: the letter in which Performance Stock Units are granted to an Eligible Individual.
11. NXP: NXP Semiconductors N.V.
12. Participant: an individual who has accepted any Performance Stock Units under this Plan.
13. Performance Stock Unit: the conditional right granted to a Participant to receive one Share, subject to the terms and conditions of this Plan.
14. Plan: this NXP Performance Stock Units Plan.
15. Share: a common share in the share capital of NXP (to be) delivered under this Plan.

Article 2
Grant of Performance Stock Units

1. Any Performance Stock Units may be granted by or on behalf of the Board to an Eligible Individual, subject to the terms and conditions of this Plan and any other NXP policies or guidelines that may apply to such individual. Any Performance Stock Units offered to any such individual and the terms and conditions governing such rights shall be deemed accepted by such individual with effect from the applicable Date of Grant in case NXP has not received, in accordance with a procedure established by NXP, a notice of rejection of such rights within fourteen (14) days of the Grant Letter or such later date as may be determined by NXP.
2. The Grant Letter shall reflect, inter alia, the Date of Grant, the number and category of Performance Stock Units awarded, the vesting schedule, the performance conditions and requisite service period, if any.

Article 3
Vesting of a Performance Stock Unit

1. A Performance Stock Unit will vest (i.e. become unconditional and the corresponding Shares will be delivered to the relevant Participant) on or immediately following the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met, (ii) any specifications in the Grant Letter, (iii) the relevant Participant still being employed by any Employing Company upon expiration of the relevant vesting period (at the time the corresponding Shares be delivered to the relevant Participant), and (iv) Article 4 (Termination of Employment). In the event that the Participant's employment is terminated by the Employing Company without the Participant being a Bad Leaver (as defined in Article 4(2)) or by the Participant for Good Reason, in either case within twelve months following a Change of Control, all unvested Performance Stock Units shall become immediately vested (for 100%, accelerated vesting), unless the Grant Letter stipulates differently.
2. Whether any performance conditions are met, and whether the relevant Participant is still employed by an Employing Company at the relevant time, will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

1. Unvested Performance Stock Units shall lapse, on the earliest of the following occasions, without notice and without any compensation:
 - a. if a Participant's employment terminates and such Participant is no longer employed by any Employing Company;
 - b. upon violation by the Participant of any provision of this Plan or the Grant Letter in which case the Performance Stock Units shall lapse on the date of such violation (rather than the date on which such violation comes to the attention of NXP).
2. For purposes of this Program, a "Bad Leaver" shall be a Participant whose employment with NXP or an Employing Company is terminated (i) following the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his duties for NXP or the Employing

Company, (ii) following the Participant being convicted of or pleading guilty to a serious criminal offence (*misdrijf*) relating to his duties for NXP or the Employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (i) and/or (ii) has a material adverse effect upon NXP or the Employing Company, (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code for cause, or (iv) a Participant twelve (12) months period following the termination of employment, directly or indirectly and in any capacity whatsoever engage in any activities in competition with the activities of any member of the NXP group, including the Participant personally actively soliciting or personally actively endeavoring to entice away or personally actively recruiting any NXP employees in said period.

Article 5
Non-transferability

The Performance Stock Units are strictly personal, and may not be assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of in any manner nor may any transaction be entered into with the same effect. The Participant may not engage in any transactions on any exchange on the basis of any Performance Stock Units.

Article 6
Delivery and Holding of Shares

1. NXP may require a Participant to maintain a Custody Account in connection with this Plan. Nothing contained in this Plan shall obligate NXP to establish or maintain or cause to establish or maintain a Custody Account for any Participant. The Participant will provide NXP with the details thereof.
2. Subject to the terms and conditions of this Plan and the Grant Letter, and further to the Participants election via the website, NXP will deliver a Share to a Participant on or as soon as reasonably practicable, and in any event within 2.5 months, after the relevant Date of Vesting. In no event shall NXP have any obligation to deliver any Shares to a Participant prior to the relevant Date of Vesting.
3. Any Shares to be delivered pursuant to Article 6 (2) will be credited to the Custody Account.

Article 7
Capital Dilution

NXP may make any equitable adjustment or substitution of the number or kind of Shares subject to the Performance Stock Units, as it, in its sole discretion, deems equitable to reflect any significant corporate event of or by NXP, for example a change in the outstanding Shares by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distribution to holders of Shares other than regular cash dividends.

Article 8
Costs and Taxes

1. All costs of delivering any Shares under this Plan to a Participant's Custody Account and any other costs connected with the Shares shall be borne by the Participant.
2. 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 of any Performance Stock Units or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Participant in connection with this Plan (including, but not limited to, the grant of the Performance Stock Units, the ownership of the Performance Stock Units and/or the delivery of any Shares under this Plan, the ownership and/or the sale of any Shares acquired under this Plan) shall be for the sole risk and account of the Participant.

3. NXP and any other Employing Company shall have the right to deduct or withhold (or cause to be deducted or withheld) from any salary payment or other sums due by NXP or any other Employing Company to Participant, or requiring the Participant or beneficiary of the Participant, to pay to NXP an amount necessary to settle any Taxes and any costs determined by NXP necessary to be withheld in connection with this Plan (including, but not limited to, the grant of the Performance Stock Units or the delivery of any Shares under this Plan).

Article 9 Cash Alternative

In exceptional circumstances, at the sole discretion of the Board, upon the Date of Vesting, NXP may advise a Participant resident outside the Netherlands to request in writing an amount in cash as an alternative to Shares. Upon such request the Participant is entitled to receive an amount in U.S. Dollars, equal to the price of a Share listed at the NASDAQ Global Select Market with dividend, if any, at closing of NASDAQ, multiplied by the relevant number of vested Performance Stock Units. If on the date of receipt of the request from the Participant, Shares have not been traded at NASDAQ, the price of a Share will be the opening price of the first subsequent trading day at NASDAQ. Any costs to be paid and any applicable Taxes due shall be deducted from the amount to be received by the Participant.

Article 10 General Provisions

Insider trading rules

1. Each Participant shall comply with any applicable “insider trading” laws and regulations, including the “NXP Semiconductor N.V. rules on holding and trading in NXP Securities”.

Authority for this Plan

2. NXP shall have the authority to interpret this Plan, to establish, amend, and rescind any rules and regulations relating to this Plan, to determine and - if deemed necessary or advisable - amend the terms and conditions of any agreements entered into hereunder, to make all other determinations necessary or advisable for the administration of this Plan. To the extent required by law, the general meeting of shareholders of NXP will be requested to adopt or approve such changes.
3. The terms and conditions in force from time to time are published on the NXP’ intranet and on the website of the administrator of this Plan and apply to all Performance Stock Units granted and the Shares obtained under this Plan. NXP may delegate the authority to perform administrative and operational functions with respect to this Plan to officers or employees of subsidiaries of NXP and to service providers.

Shareholder rights

4. No Participant shall have any rights or privileges of shareholders (including the right to receive dividends and to vote) with respect to Shares to be delivered pursuant to the Performance Stock

Units until such Shares are actually delivered to him in accordance with Article 6 of this Plan. The Shares delivered shall carry the same rights as common shares of NXP traded at NASDAQ on the day on which these Shares are delivered.

Non-recurring discretionary grant

5. Eligibility and participation shall be at the sole discretion of NXP or the Employing Company and as such do not qualify as terms and conditions of employment. The Grant in one year does not create rights for future years.
6. The (value of) Performance Stock Units granted to, or Shares acquired by a Participant pursuant to such Performance Stock Unit under this Plan 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.
7. Nothing contained in this Plan, Grant Letter or any agreement entered into pursuant hereto shall confer upon any Participant any right to be retained employed with any Employing Company, or to be entitled to any remuneration or benefits not set forth in this Plan or interfere with or limit in any way with the right of any Employing Company or any of its subsidiaries to terminate such Participant's employment or to discharge or retire any Participant at any time.

Miscellaneous

8. If a provision of this Plan is deemed illegal or invalid, the illegality or invalidity shall not affect the remaining parts of this Plan, this Plan shall be construed as if the illegal or invalid provisions had not been included in this Plan.
9. Where the context requires, words in either gender shall include also the other gender.

Choice of law and forum

10. This Plan shall be governed by and construed in accordance with the laws of The Netherlands, without regard to its principles of conflict of laws. Any dispute arising under or in connection with this Plan shall be settled by the competent courts in Amsterdam, The Netherlands.



**TERMS AND CONDITIONS
OF
NXP RESTRICTED STOCK UNITS PLAN 2015/16**

**Article 1
Definitions**

In this NXP Restricted Stock Units Plan the following definitions shall apply:

1. Board: the board of directors of NXP.
2. Change of Control: a transaction or series of transactions or the conclusion of an agreement, which alone or taken together has the effect that as a result thereof a third party, or third parties acting in concert, obtains, whether directly or indirectly, Control of NXP.
3. Control: (i) the ownership, whether direct or indirect, of a party or parties acting in concert, of more than 50.1% percent of (a) the issued Share capital and/or (b) the voting rights in the general meeting of shareholders; or (ii) the right, whether direct or indirect, of a party or parties acting in concert to control the composition of the majority of the Board of NXP, or the majority of its voting rights, by contract or otherwise.
4. Custody Account: a custody account maintained in the name of a Participant.
5. Date of Grant: the date at which a Restricted Stock Unit is granted pursuant to this Plan. The Dates of Grant of any Restricted Stock Units shall be the same dates as the dates of publication of the NXP' annual and/or quarterly results. As an exception, under this Program Restricted Stock Units also may be granted at the date of completion of the merger transaction between NXP and Freescale Semiconductor, Ltd. The relevant Date of Grant and categorization of any Restricted Stock Unit with respect to any grant hereunder shall be determined by NXP.
6. Date of Vesting: the date of vesting shall be the first, second or third anniversary of the Date of Grant of such Restricted Stock Unit as specified in the Grant Letter. For this purpose, Restricted Stock Units may be categorized as "1 Year Term Restricted Stock Units", "2 Year Term Restricted Stock Units" or "3 Year Term Restricted Stock Units".
7. Eligible Individual: means an employee of the group of which NXP forms part or such other person as determined by or on behalf of the Board.
8. Employing Company: any company within the group of which NXP forms part and such other company as designated by or on behalf of the Board.

9. Good Reason: 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 base salary or target bonus unless the base salary or target bonus of other NXP employees or officers in a similar position is reduced by a similar percentage or amount as part of company-wide cost reductions; 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). A lateral job change that does not materially diminish the Participant’s duties or responsibilities and does not affect the Participant’s reporting relationship will not constitute Good Reason.
10. Grant Letter: the letter in which Restricted Stock Units are granted to an Eligible Individual.
11. NXP: NXP Semiconductors N.V.
12. Participant: an individual who has accepted any Restricted Stock Units under this Plan.
13. Plan: this NXP Restricted Stock Units Plan.
14. Restricted Stock Unit: the conditional right granted to a Participant to receive one Share, subject to the terms and conditions of this Plan. Restricted Stock Units may be categorized as “1 Year Term Restricted Stock Units”, “2 Year Term Restricted Stock Units” or “3 Year Term Restricted Stock Units”, as applicable.
15. Share: a common share in the share capital of NXP (to be) delivered under this Plan.

Article 2
Grant of Restricted Stock Units

1. Any Restricted Stock Units may be granted by or on behalf of the Board to an Eligible Individual, subject to the terms and conditions of this Plan and any other NXP policies or guidelines that may apply to such individual. Any Restricted Stock Units offered to any such individual and the terms and conditions governing such rights shall be deemed accepted by such individual with effect from the applicable Date of Grant in case NXP has not received, in accordance with a procedure established by NXP, a notice of rejection of such rights within fourteen (14) days of the Grant Letter or such later date as may be determined by NXP.
2. The Grant Letter shall reflect, inter alia, the Date of Grant, the number and category of Restricted Stock Units awarded, the vesting schedule and the performance conditions, if any.

Article 3
Vesting of a Restricted Stock Unit

1. A Restricted Stock Unit will vest (i.e. become unconditional and the corresponding Shares will be delivered to the relevant Participant) on or immediately following the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met, (ii) any specifications in the Grant Letter, and (iii) Article 4 (Termination of Employment). In the event that the Participant's employment is terminated by the Employing Company without the Participant being a Bad Leaver (as defined in Article 4(2)) or by the Participant for Good Reason, in either case within twelve months following a Change of Control, all unvested Restricted Stock Units shall become immediately vested ((for 100%, accelerated vesting), unless the Grant Letter stipulates differently.
2. Whether any performance conditions are met, and whether the relevant Participant is still employed by an Employing Company at the relevant time, will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

1. Unvested Restricted Stock Units shall lapse, on the earliest of the following occasions, without notice and without any compensation:
 - a. if a Participant's employment terminates and such Participant is no longer employed by any Employing Company;
 - b. upon violation by the Participant of any provision of this Plan or the Grant Letter in which case the Restricted Stock Units shall lapse on the date of such violation (rather than the date on which such violation comes to the attention of NXP).
2. For purposes of this Program, a "Bad Leaver" shall be a Participant whose employment with NXP or an Employing Company is terminated (i) following the Participant committing an act of theft, fraud or deliberate falsification of records in relation to his duties for NXP or the Employing Company, (ii) following the Participant being convicted of or pleading guilty to a serious criminal offence (*misdrif*) relating to his duties for NXP or the Employing Company (excluding any motoring or non-duty related minor offence), which act or criminal offence referred to in (i) and/or (ii) has a material adverse effect upon NXP or the Employing Company, (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Code for cause, or (iv) a Participant twelve (12) months period following the termination of employment, directly or indirectly and in any capacity whatsoever engage in any activities in competition with the activities of any member of the NXP group, including the Participant personally actively soliciting or personally actively endeavoring to entice away or personally actively recruiting any NXP employees in said period.

Article 5
Non-transferability

The Restricted Stock Units are strictly personal, and may not be assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of in any manner nor may any transaction be entered into with the same effect. The Participant may not engage in any transactions on any exchange on the basis of any Restricted Stock Units.

Article 6
Delivery and Holding of Shares

1. NXP may require a Participant to maintain a Custody Account in connection with this Plan. Nothing contained in this Plan shall obligate NXP to establish or maintain or cause to establish or maintain a Custody Account for any Participant. The Participant will provide NXP with the details thereof.
2. Subject to the terms and conditions of this Plan and the Grant Letter, and further to the Participants election via the website, NXP will deliver a Share to a Participant on or as soon as reasonably practicable, and in any event within 2.5 months, after the relevant Date of Vesting. In no event shall NXP have any obligation to deliver any Shares to a Participant prior to the relevant Date of Vesting.
3. Any Shares to be delivered pursuant to Article 6(2) will be credited to the Custody Account.

Article 7
Capital Dilution

NXP may make any equitable adjustment or substitution of the number or kind of Shares subject to the Restricted Stock Units, as it, in its sole discretion, deems equitable to reflect any significant corporate event of or by NXP, for example a change in the outstanding Shares by reason of any stock dividend or split, recapitalization, merger, consolidation, spin-off, combination or exchange of shares or other corporate change, or any distribution to holders of Shares other than regular cash dividends.

Costs and Taxes

1. All costs of delivering any Shares under this Plan to a Participant's Custody Account and any other costs connected with the Shares shall be borne by the Participant.
2. 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 of any Restricted Stock Units or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Participant in connection with this Plan (including, but not limited to, the grant of the Restricted Stock Units, the ownership of the Restricted Stock Units and/or the delivery of any Shares under this Plan, the ownership and/or the sale of any Shares acquired under this Plan) shall be for the sole risk and account of the Participant.
3. NXP and any other Employing Company shall have the right to deduct or withhold (or cause to be deducted or withheld) from any salary payment or other sums due by NXP or any other Employing Company to Participant, or requiring the Participant or beneficiary of the Participant, to pay to NXP an amount necessary to settle any Taxes and any costs determined by NXP necessary to be withheld in connection with this Plan (including, but not limited to, the grant of the Restricted Stock Units or the delivery of any Shares under this Plan).

Article 8
Cash Alternative

In exceptional circumstances, at the sole discretion of the Board, upon the Date of Vesting, NXP may advise a Participant resident outside the Netherlands to request in writing an amount in cash as an alternative to Shares. Upon such request the Participant is entitled to receive an amount in U.S. Dollars, equal to the price of a Share listed at the NASDAQ Global Select Market with dividend, if any, at closing of NASDAQ, multiplied by the relevant number of vested Restricted Stock Units. If on the date of receipt of the request from the Participant, Shares have not been traded at NASDAQ, the price of a Share will be the opening price of the first subsequent trading day at NASDAQ. Any costs to be paid and any applicable Taxes due shall be deducted from the amount to be received by the Participant.

General Provisions

Insider trading rules

1. Each Participant shall comply with any applicable “insider trading” laws and regulations, including the “NXP Semiconductor N.V. rules on holding and trading in NXP Securities”.

Authority for this Plan

2. NXP shall have the authority to interpret this Plan, to establish, amend, and rescind any rules and regulations relating to this Plan, to determine and - if deemed necessary or advisable - amend the terms and conditions of any agreements entered into hereunder, to make all other determinations necessary or advisable for the administration of this Plan. To the extent required by law, the general meeting of shareholders of NXP will be requested to adopt or approve such changes.
3. The terms and conditions in force from time to time are published on the NXP’ intranet and on the website of the administrator of this Plan and apply to all Restricted Stock Units granted and the Shares obtained under this Plan. NXP may delegate the authority to perform administrative and operational functions with respect to this Plan to officers or employees of subsidiaries of NXP and to service providers.

Shareholder rights

4. No Participant shall have any rights or privileges of shareholders (including the right to receive dividends and to vote) with respect to Shares to be delivered pursuant to the Restricted Stock Units until such Shares are actually delivered to him in accordance with Article 6 of this Plan. The Shares delivered shall carry the same rights as common shares of NXP traded at NASDAQ on the day on which these Shares are delivered.

Non-recurring discretionary grant

5. Eligibility and participation shall be at the sole discretion of NXP or the Employing Company and as such do not qualify as terms and conditions of employment. The Grant in one year does not create rights for future years.

6. The (value of) Restricted Stock Units granted to, or Shares acquired by a Participant pursuant to such Restricted Stock Unit under this Plan 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.
7. Nothing contained in this Plan, Grant Letter or any agreement entered into pursuant hereto shall confer upon any Participant any right to be retained employed with any Employing Company, or to be entitled to any remuneration or benefits not set forth in this Plan or interfere with or limit in any way with the right of any Employing Company or any of its subsidiaries to terminate such Participant's employment or to discharge or retire any Participant at any time.

Miscellaneous

8. If a provision of this Plan is deemed illegal or invalid, the illegality or invalidity shall not affect the remaining parts of this Plan, this Plan shall be construed as if the illegal or invalid provisions had not been included in this Plan.
9. Where the context requires, words in either gender shall include also the other gender.

Choice of law and forum

10. This Plan shall be governed by and construed in accordance with the laws of The Netherlands, without regard to its principles of conflict of laws. Any dispute arising under or in connection with this Plan shall be settled by the competent courts in Amsterdam, The Netherlands.



NXP SEMICONDUCTORS N.V. SHAREHOLDERS AGREEMENT

Dated as of December 7, 2015

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SHAREHOLDERS AGREEMENT, dated as of December 7, 2015 (this "Agreement"), among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven (the "Company"), and the shareholders of the Company whose names appear on the signature pages hereto (such shareholders, together with any Permitted Transferee of such shareholders who becomes a party pursuant to Section 1.1 hereof, collectively, the "Investor").

W I T N E S S E T H:

WHEREAS, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March 1, 2015, by and among the Company, Freescale Semiconductor, Ltd., a Bermuda exempted company ("Freescale"), and Nimble Acquisition Limited, a Bermuda exempted company and a wholly owned subsidiary of the Company ("Merger Sub"), Merger Sub merged with and into Freescale (the "Merger"), and Freescale has continued as the surviving company and a wholly owned indirect subsidiary of the Company, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, each common share of Freescale, \$0.01 par value, issued and outstanding immediately prior to the Effective Time (other certain such shares as set forth in the Merger Agreement) shall be converted into one common share, par value \$0.01 per share of the surviving corporation following the Merger (a "Surviving Corporation Share"), and each of the resulting Surviving Corporation Shares shall automatically be exchanged for (subject to the terms and conditions in the Merger Agreement) the right to receive (i) 0.3521 of a duly authorized, validly issued and fully paid ordinary share (*gewoon aandeel*) of Parent, par value EUR 0.20 per share (a "Company Common Share"), and (ii) \$6.25 in cash, without interest, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, in connection with the Merger, the shareholders of the Company whose names appear on the signature pages hereto received Company Common Shares (the "Shares") representing, in the aggregate, approximately 3.19% of the outstanding Company Common Shares, after giving effect to the issuance of Company Common Shares in the Merger; and

WHEREAS, each of the parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investor's ownership of the Shares and to establish certain rights, restrictions and obligations of the Investor with respect to the Shares.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

TRANSFERS

1.1 Transfer Restrictions.

(a) Other than solely in the case of Permitted Transfers, the Investor shall not Transfer any Shares prior to the date that is three (3) months after the Closing (such period, the "Restricted Period").

(b) "Permitted Transfers" mean, in each case, so long as such Transfer is in accordance with Applicable Law:

(i) a Transfer to a Permitted Transferee of the Investor, so long as such Permitted Transferee, in connection with such Transfer, executes a joinder to this Agreement in the form attached as Exhibit A hereto; or

(ii) a Transfer solely to tender into a tender or exchange offer commenced by a third party (for the avoidance of doubt, not in violation of this Agreement) or by the Company; provided, that with respect to an unsolicited tender or exchange offer commenced by a third party, such Transfer shall be permitted only if (A) such tender or exchange offer includes an irrevocable minimum tender condition of no less than a majority of the then-outstanding Company Common Shares and (B) as of the expiration of such offer (x) no shareholder rights plan or analogous "poison pill" of the Company is in effect or (y) the Board of Directors of the Company (the "Board") has affirmatively publicly recommended to the Company's shareholders that such shareholders tender into such offer and has not publicly withdrawn or changed such recommendation.

(c) Notwithstanding anything to the contrary contained herein, the Investor shall not Transfer any Shares:

(i) other than in accordance with all Applicable Laws and the other terms and conditions of this Agreement;

(ii) except in a Permitted Transfer, in one or more transactions in which any Person or Group, to the Investor's knowledge, after giving effect to such Transfer, would Beneficially Own 5% or more of the Total Voting Power or the Total Economic Interest; provided that the restriction in this clause (ii) shall not apply to Transfers effected solely through a bona fide Underwritten Offering pursuant to an exercise of the registration rights provided in this Agreement;

(iii) except in a Permitted Transfer, in each 90-day period following the Restricted Period in an amount for the Investor (together with its Affiliates), in excess of 33 1/3% of the Shares held by the Investor (together with its Affiliates), as applicable, as of immediately following the Merger (the "Volume Limitation"); provided, that the Volume Limitation shall not apply to Transfers effected solely through an offering pursuant to an exercise of the registration rights provided in this Agreement.

(d) With respect to the Investor, any certificates for Shares shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares) referencing restrictions on Transfer of such Shares under the Securities Act and under this Agreement, which legend shall state in substance:

“The securities evidenced by this certificate may not be offered or sold, transferred, pledged, hypothecated or otherwise disposed of except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), (ii) to the extent applicable, pursuant to Rule 144 under the Securities Act (or any similar rule under the Securities Act relating to the disposition of securities), or (iii) pursuant to an available exemption from registration under the Securities Act.

The securities evidenced by this certificate are subject to restrictions on transfer set forth in a Shareholders Agreement dated as of December 7, 2015 among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company).”

(e) Notwithstanding the foregoing subsection (d), the Investor shall be entitled to receive from the Company new certificates for a like number of Shares not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of the Investor (i) at such time as such restrictions are no longer applicable, and (ii) with respect to the restriction on Transfer of such Shares under the Securities Act or any other Applicable Law, unless such Shares are sold pursuant to a registration statement, subject to delivery of an opinion of counsel to the Investor, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other Applicable Law.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. It has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any Contract or agreement to which it is a party.

(c) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement have been duly authorized by all necessary limited partnership or other analogous action on its part. This Agreement has been duly executed and delivered by the Investor and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Investor does not Beneficially Own any Voting Securities as of the date hereof, other than any Voting Securities acquired in the Merger.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a public company with limited liability (*naamloze vennootschap*) duly incorporated under the laws of The Netherlands. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) the organizational documents of the Company or (z) any Contract or agreement to which the Company is a party.

(c) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Company is not a party to any agreement or understanding whereby any Person, other than as set forth herein or in the Other Shareholder Agreements, has any registration rights with respect to the Company's securities.

REGISTRATION

3.1 Registration Statement.

(a)

(i) If, from and after the expiration of the Restricted Period, the Company has registered or has determined to register any Company Common Shares for its own account or for the account of other securityholders of the Company, including the Blackstone Investor, on any registration form (other than Form F-4 or S-8) which permits the inclusion of the Registrable Securities, including as a supplement to a Shelf Registration Statement to be filed pursuant to Rule 424(b)(7) under the Securities Act (a "Piggyback Registration"), the Company will give the Investor written notice thereof promptly (but in no event less than ten (10) Business Days prior to the anticipated filing date) and, subject to Section 3.1(a)(i), shall include in such registration all Registrable Securities requested to be included therein pursuant to the written request of the Investor received on or before the second Business Day prior to the anticipated filing date. If a Piggyback Registration is initiated as a primary underwritten offering on behalf of the Company and the lead managing underwriter(s) advise the Company and the Investor that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, the Company shall include in such registration: (i) first, the number of Company Common Shares that the Company proposes to sell; and (ii) second, the number of Company Common Shares requested to be included therein by the Investor and Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree.

(ii) If a Piggyback Registration is initiated as an underwritten offering on behalf of another securityholder of the Company, including the Blackstone Investor, and the lead managing underwriter(s) advise the Company that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, then the Company shall include in such registration: (i) first, the number of Company Common Shares requested to be included therein by such other securityholder, the Investor and the Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree; and (ii) second, the number of Company Common Shares that the Company proposes to sell.

(iii) If any Piggyback Registration is a primary underwritten offering, the Company shall have the right to select the managing underwriter or underwriters to administer any such offering.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the Investor, to require the Investor to suspend sales of Registrable Securities under a Piggyback Registration during any Blackout Period. The Investor may recommence effecting sales of the Registrable Securities pursuant to a Piggyback Registration (or such filings) following further notice to such effect from the Company, which shall be given by the Company promptly following the expiration of any Blackout Period. After the expiration of any Blackout Period and without any further request from the Investor, the Company to the extent necessary shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Piggyback Registration or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.2 Withdrawal Rights. The Investor having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement (subject to the other terms and conditions of this Agreement). No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn.

3.3 Holdback Agreements. In connection with any Underwritten Offering, the Investor agrees to enter into customary “lock-up” agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) to the extent required in writing by the lead managing underwriter(s) with respect to an applicable Underwritten Offering for a period of not more than ninety (90) days after the date of the “final” prospectus (or “final” prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made, plus, if applicable, an extension period, as may be proposed by the lead managing underwriter(s) to address FINRA regulations regarding the publishing of research, or such other period as is required by the lead managing underwriter(s); provided, however, the Investor shall not be subject to a lock-up period longer than the lock-up period to which the officers and directors of the Company are subject.

In the event of any Marketed Underwritten Shelf Offering, the Company will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form F-4, Form S-8 or any comparable or successor forms thereto) for its own account, within sixty (60) days, after the effective date of such registration except as may otherwise be agreed between the Company and the lead managing underwriter(s) of such Marketed Underwritten Shelf Offering.

3.4 Registration Procedures.

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3.1, including the Shelf Registration Statement and a Piggyback Registration, the Company shall as expeditiously as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration in accordance with the intended method or methods of distribution of such securities and thereafter use commercially reasonable efforts to cause such registration statement to become and remain effective pursuant to the terms of this Article III; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, that before filing such registration statement or any amendments thereto, the Company will furnish to the Investor and the Other Holders (if they are including Company Common Shares in such registration) ("Selling Shareholder"), its counsel and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment of such counsel, and other documents reasonably requested by such counsel, including any comment letter from the Commission, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such registration statement and each prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Company's books and records, officers, accountants and other advisors;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective pursuant to the terms of this Article III or necessary to facilitate the disposition of the Registrable Securities covered by such registration statement and prospectus (including causing the prospectus contained in such registration statement to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act), and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities, including the Registrable Securities, covered by such registration statement;

(iii) if requested by the lead managing underwriter(s), if any, or the Investor in connection with an Underwritten Offering, promptly include in a prospectus supplement or post-effective amendment, such information as the lead managing underwriter(s), if any, and the Investor may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 3.4(a)(iii) that are not, based on the advice of counsel for the Company, in compliance with Applicable Law;

(iv) furnish to the Selling Shareholder and each underwriter, if any, of the securities being sold by the Selling Shareholder such number of conformed copies of such registration statement and of each amendment and supplement thereto, such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a "Free Writing Prospectus") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as the Selling Shareholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the Selling Shareholder;

(v) use commercially reasonable efforts to register or qualify or cooperate with the Selling Shareholder, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or "blue sky" laws of such jurisdictions as the Selling Shareholder and any underwriter of the securities being sold by the Selling Shareholder shall reasonably request, and to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective and take any other action which may be necessary or reasonably advisable to enable the Selling Shareholder and underwriters to consummate the disposition in such jurisdictions of the Registrable Securities owned by the Selling Shareholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (v) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction where it would not otherwise be obligated to do so, but for this clause (v), or (C) file a general consent to service of process in any such jurisdiction;

(vi) use commercially reasonable efforts (including seeking to cure in the Company's listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed or included;

(vii) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be reasonably necessary to enable the Selling Shareholder to consummate the disposition of such Registrable Securities;

(viii) use commercially reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) use commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act;

(x) use commercially reasonable efforts to make generally available to its stockholders, as soon as reasonably practicable, earnings statements (which need not be audited) covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and use commercially reasonable efforts to take all such other actions reasonably requested by the Investor in connection therewith (including those reasonably requested by the lead managing underwriter(s), if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Offering (A) make such representations and warranties to the Investor and the underwriters, if any, with respect to the business of the Company and its subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, and, if true, confirm the same if and when requested, (B) if an underwriting agreement has been entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 3.9 hereof with respect to all parties to be indemnified pursuant to said Section except as otherwise agreed by the Selling Shareholder and (C) deliver such documents and certificates as reasonably requested by the Selling Shareholder, its counsel and the lead managing underwriters(s), if any, to evidence the continued validity of the representations and warranties made pursuant to sub-clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(xii) in connection with an Underwritten Offering or otherwise required in connection with the disposition of the Registrable Securities, use commercially reasonable efforts to obtain for the Selling Shareholder and underwriter(s) (A) opinions of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by the Selling Shareholder and underwriters and (B) “comfort” letters and updates thereof (or, in the case of any such Person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72 or any successor accounting standard thereto, an “agreed upon procedures” letter) signed by the independent public accountants who have certified the Company’s financial statements and, to the extent required, any other financial statements included or incorporated by reference in such registration statement, covering the matters customarily covered in “comfort” letters in connection with underwritten offerings;

(xiii) make available for inspection by the Selling Shareholder, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained in connection with such offering by the Selling Shareholder or underwriter (collectively, the “Inspectors”), financial and other records, pertinent corporate documents and instruments of the

Company (collectively, the “Records”), as shall be reasonably necessary, or as shall otherwise be reasonably requested, to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney, agent or accountant in connection with such registration statement (in each case subject to the Selling Shareholder and/or Inspectors entering into customary confidentiality agreement on terms and conditions reasonably acceptable to the Company as may be reasonably requested by the Company); provided, further, that the Selling Shareholder agrees that it will, upon receipt of a written request to disclose such Records from a court of competent jurisdiction or by another Governmental Authority, give notice to the Company and allow the Company, at its expense, to undertake appropriate action seeking to prevent disclosure of the Records deemed confidential;

(xiv) as promptly as practicable notify in writing the Selling Shareholder and the underwriters, if any, of the following events: (A) the filing of the registration statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the Commission or any other U.S. or state governmental authority for amendments or supplements to the registration statement or the prospectus or for additional information; (C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any mutual agreement (including any underwriting agreement) contemplated by Section 3.4(a)(xi) cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, at the request of any Selling Shareholder, promptly prepare and furnish to the Selling Shareholder a reasonable number of copies of a supplement to or an amendment of such registration statement or prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xv) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that, subject to the requirements of Section 3.4(a)(v), the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (xiii) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction wherein it would not be obligated to do so but for the requirements of this clause (xiii) or (C) file a general consent to service of process in any such jurisdiction;

(xvi) cooperate with the Selling Shareholder and the lead managing underwriter(s) to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under Applicable Law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the lead managing underwriter(s) or the Selling Shareholder may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xvii) cooperate with the Selling Shareholder and each underwriter or agent participating in the disposition of any Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA; and

(xviii) have appropriate officers of the Company prepare and make presentations at a reasonable number of "road shows" and before analysts and rating agencies, as the case may be, and other information meetings reasonably organized by the underwriters and otherwise use commercially reasonable efforts to cooperate as reasonably requested by the Selling Shareholder and the underwriters in the offering, marketing or selling of the Registrable Securities.

(b) The Company may require the Selling Shareholder and each underwriter, if any, to furnish the Company in writing such information regarding the Selling Shareholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such registration statement.

(c) The Selling Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 3.4(a)(xiv), the Selling Shareholder shall forthwith discontinue its disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.4(a)(xiii), or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus.

(d) With a view to making available to the Investor the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a registration statement, the Company shall:

(i) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to the Investor so long as it owns Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as the Investor may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

3.5 Registration Expenses. The Company shall pay all fees and expenses incident to the Company's performance of its obligations under this Article III, including (a) all registration and filing fees, including all fees and expenses of compliance with securities and "blue sky" laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities pursuant to Section 3.4(a)(v)) and all fees and expenses associated with filings required to be made with FINRA (including, if applicable, the fees and expenses of any "qualified independent underwriter" as such term is defined in FINRA Rule 5121), (b) all printing (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the Investor) and copying expenses, (c) all messenger, telephone and delivery expenses, (d) expenses of the Company incurred in connection with any "road show", (e) except as provided in this Section 3.5, any fees and disbursements customarily paid in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any registration statement), and (f) all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions). The Investor shall pay the fees and expenses of its own counsel and the Investor's portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of its Registrable Securities pursuant to any registration.

3.6 Information to be Furnished by Investor. Not less than seven (7) Business Days before the expected filing date of each registration statement pursuant to this Agreement, the Company shall notify the Investor (if it has timely provided the requisite notice hereunder entitling it to register Registrable Securities in such registration statement) of the information, documents and instruments from it that the Company or any underwriter reasonably requests in

connection with such registration statement, including, if applicable, a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement (the “Requested Information”). If the Company has not received, on or before the second Business Day before the expected filing date, the Requested Information from the Investor, the Company may file the registration statement without including Registrable Securities of the Investor. The failure to so include in any registration statement the Registrable Securities of the Investor (with regard to that registration statement) shall not result in any liability on the part of the Company to the Investor.

3.7 Registration Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by Law, the Selling Shareholder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Selling Shareholder or such other indemnified Person and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter, from and against all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement (collectively, the “Losses”), as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 3.7(a)) will reimburse the Selling Shareholder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each such Person who controls the Selling Shareholder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each such underwriter and each such Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except that, with respect to a Selling Shareholder, the Company will not be liable to the extent that any such claim, Loss, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use therein.

(b) In connection with any registration statement in which the Selling Shareholder is participating, the Selling Shareholder shall indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue

statement) of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 3.7(b)) will reimburse the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Selling Shareholder expressly for inclusion in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto. Notwithstanding the foregoing, the Selling Shareholder shall not be liable under this Section 3.7(b) for amounts in excess of the net proceeds received by it in the offering giving rise to such liability.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party and, as a result, a conflict of interest exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its

consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) The indemnification provided for under this Agreement shall survive the Transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the Selling Shareholder shall not be required to make a contribution in excess of the net proceeds received by it from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

ARTICLE IV

CONFIDENTIALITY

4.1 Confidentiality. The Investor hereby agrees that all Confidential Information with respect to the Company, its Subsidiaries and its and their businesses, finances and operations shall be kept confidential by it and shall not be disclosed by it in any manner whatsoever, except as expressly permitted by this Section 4.1. Any Confidential Information may be disclosed:

(a) by the Investor (x) to any of its Affiliates (other than any portfolio companies thereof), (y) to its or such Affiliate's respective directors, managers, members, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors thereof) and (z) in the case of any Investor that is a limited partnership, limited liability company or other investment vehicle, to any current or prospective

direct or indirect general partner, limited partner, member, equityholder or management company of such Investor or any former direct or indirect general partner, limited partner, member, equityholder or management company which retains an economic interest in such Investor (or any employee, attorney, accountant, consultant, banker or financial advisor or representative of any of the foregoing) (each of the Persons described in clauses (x), (y) and (z), collectively, for purposes of this Section 4.1 and the definition of Confidential Information, "Representatives"), in each case, solely if and to the extent any Representative needs to be provided such Confidential Information to assist such Investor or its Affiliates in evaluating or reviewing its direct or indirect investment in the Company, including in connection with the disposition thereof, and each Representative of the Investor shall be deemed to be bound by the provisions of this Section 4.1 and such Investor shall be responsible for any breach of this Section 4.1 by any such Representative to the same extent as if such breach had been committed by the Investor; provided, further, that the Investor hereby acknowledges that it is aware, and it will advise its Representatives to whom it provides Confidential Information, that such Confidential Information may include material non-public information and that applicable securities laws impose restrictions on trading securities when in possession of such information and on communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to trade in such securities;

(b) by the Investor or any of its Representatives to the extent the Company consents in writing;

(c) by the Investor or any of its Representatives to a potential Transferee (so long as such Transfer is permitted hereunder); provided, that such Transferee agrees to be bound by the provisions of this Section 4.1 (or a confidentiality agreement with the Company having restrictions substantially similar to (and no less restrictive than) this Section 4.1) and such Investor shall be responsible for any breach of this Section 4.1 (or such confidentiality agreement) by any such potential Transferee to the same extent as if such breach had been committed by the Investor; and

(d) by the Investor or any of its Representatives to the extent that such Investor or Representative has received advice from its counsel that it is legally compelled to do so or is required to do so to comply with Applicable Law or legal process or Governmental Authority request or the rules of any securities exchange on which its securities are listed or the rules and regulations of any SRO; provided, that prior to making such disclosure, such Investor or Representative, as the case may be, uses commercially reasonable efforts to preserve the confidentiality of the Confidential Information to the extent reasonably practicable and permitted by Applicable Law, including, to the extent permitted by Applicable Law, (A) consulting with the Company regarding such disclosure and (B) if requested by the Company, assisting the Company, at the Company's expense, in seeking a protective order to prevent the requested disclosure; provided, further, that such Investor or Representative, as the case may be, uses reasonable best efforts to disclose only that portion of the Confidential Information as is requested by the applicable Governmental Authority or as is, based on the advice of its counsel, legally required or compelled.

ARTICLE V

DEFINITIONS

5.1 Defined Terms. Capitalized terms when used in this Agreement have the following meanings:

“Affiliate” means, with respect to any Person, an “affiliate” as defined in Rule 405 of the regulations promulgated under the Securities Act and with respect to each Investor, an “affiliate” of such Investor as defined in Rule 405 of the regulations promulgated under the Securities Act and any Investment Fund, investment vehicle or holding company of which such Investor or an Affiliate of such Investor serves as the general partner, managing member or discretionary manager or advisor; provided, however, that notwithstanding the foregoing, an Affiliate of an Investor shall not include (x) any portfolio company of any such Person or of such Investor or any Investment Fund, vehicle or holding company, (y) any limited partners of such Investor, or (z) any of the Other Holders or any of their respective Affiliates.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any Law applicable to such Person, its assets, properties, operations or business.

“Beneficial Owner” or “Beneficially Own” has the meaning assigned to such term in Rule 13d-3 under the Exchange Act, and a Person’s beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such Rule is actually applicable in such circumstance).

“Blackout Period” means (i) any regular quarterly period during which directors and executive officers of the Company are not permitted to trade under the insider trading policy of the Company then in effect, provided, that if the Investor proposes to sell Registrable Securities during such period, the Company shall consider in good faith facilitating such sale during such period, and (ii) in the event that the Company determines in good faith that the registration would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, a period of no more than 30 days in any 90-day period or 90 days in any 365-day period.

“Blackstone Investor” means Blackstone Capital Partners (Cayman) V L.P., Blackstone Capital Partners (Cayman) V-A L.P., BCP (Cayman) V-S L.P., Blackstone Family Investment Partnership (Cayman) V L.P., Blackstone Family Investment Partnership (Cayman) V-A L.P., Blackstone Participation Partnership (Cayman) V L.P. and any of their “Permitted Transferees” (as such term is defined in the Shareholders Agreement, dated as of the date hereof, by and among the Company and the foregoing).

“Board” has the meaning set forth in Section 1.1(b)(ii).

“Business Day” means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York or Eindhoven, the Netherlands are authorized or required by Law to be closed.

“Closing” shall have the meaning set forth in the Merger Agreement.

“Closing Date” shall have the meaning set forth in the Merger Agreement.

“Commission” means the Securities and Exchange Commission or any other federal agency administering the Securities Act.

“Company” has the meaning set forth in the preamble.

“Company Common Shares” has the meaning set forth in the recitals.

“Confidential Information” means all information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof) obtained by or on behalf of the Investor or its Representatives from the Company or its Representatives, through the Shares Beneficially Owned or through the rights granted pursuant hereto, other than information which (i) was or becomes generally available to the public other than as a result of a breach of this Agreement by the Investor or such Representatives, (ii) was or becomes available to the Investor or such Representatives on a non-confidential basis from a source other than the Company or its Representatives, provided, that the source thereof is not known by the Investor or such Representatives to be bound by an obligation of confidentiality to the Company, or (iii) is independently developed by the Investor or such Representatives without the use of or reference to any such information that would otherwise be Confidential Information hereunder. Subject to clauses (i)-(iii) above, Confidential Information also includes all non-public information previously provided by the Company or its Representatives to the Investor or its Representatives pursuant to the Confidentiality Agreement, including all information, documents and reports referred to thereunder, or otherwise.

“Confidentiality Agreement” means the letter agreement, dated as of December 22, 2014, between Freescale and the Company and any amendments thereto or side letters entered into in connection therewith.

“Contract” means any contract, lease, license, indenture, loan, note, agreement or other legally binding commitment, arrangement or undertaking (whether written or oral and whether express or implied).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Controlled Affiliate” means any Affiliate of the specified Person that is, directly or indirectly, Controlled by the specified Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Freescale” has the meaning set forth in the recitals.

“FINRA” means the Financial Industry Regulatory Authority.

“Free Writing Prospectus” has the meaning set forth in Section 3.4(a)(iv).

“Governmental Authority” means any federal, national, state, local, cantonal, municipal, international or multinational government or political subdivision thereof, governmental department, commission, board, bureau, agency, taxing or regulatory authority, instrumentality or judicial or administrative body, or arbitrator or SRO, having jurisdiction over the matter or matters in question.

“Group” has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

“Inspectors” has the meaning set forth in Section 3.4(a)(xiii).

“Investment Fund” means, with respect to an Investor, any investment fund, investment vehicle or other account that is, directly or indirectly, managed or advised by such Investor or any of its Controlled Affiliates.

“Investor” has the meaning set forth in the preamble.

“Law” has the meaning set forth in the Merger Agreement.

“Losses” has the meaning set forth in Section 3.7(a).

“Merger” has the meaning set forth in the recitals.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“Non-Liable Person” has the meaning set forth in Section 6.12.

“Other Holder” means any Person that has registration rights under any Other Shareholder Agreement.

“Other Shareholder Agreements” mean the shareholders agreements (other than this Agreement) entered into at the closing of the Merger with certain former equityholders of Freescale Holdings L.P. in accordance with the Merger Agreement.

“Permitted Transferee” means, with respect to any Person, any Affiliate of such Person.

“Permitted Transfers” has the meaning set forth in Section 1.1(b).

“Person” has the meaning set forth in the Merger Agreement.

“Piggyback Registration” has the meaning set forth in Section 3.1(a)(i).

“Prospectus” means the prospectus included in any Shelf Registration Statement or a Piggyback Registration (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Shelf Registration Statement or Piggyback Registration in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement or any issuer free writing prospectus (as defined in Rule 433 under the Securities Act), with respect to the offering of any portion of the Registrable Securities covered by such Shelf Registration Statement or Piggyback Registration, and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

“Records” has the meaning set forth in Section 3.4(a)(xiii).

“Registrable Securities” means, with respect to the Investor, (1) the Shares issued in connection with the Merger, and (2) any additional securities issued or issuable as a dividend or distribution or in exchange for, or in respect of such Shares; provided, that any such Shares shall cease to be Registrable Securities when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they are sold pursuant to Rule 144 under the Securities Act or (iii) they shall have ceased to be outstanding.

“Representatives” has the meaning set forth in Section 5.1(a).

“Requested Information” has the meaning set forth in Section 3.6.

“Restricted Period” has the meaning set forth in Section 1.1(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Selling Shareholder” has the meaning set forth in Section 3.4(a)(i).

“Shares” has the meaning set forth in the recitals.

“Shelf Registration Statement” has the meaning set forth in the Other Shareholder Agreement entered into at the closing of the Merger with the Blackstone Investor (the “Blackstone Shareholder Agreement”).

“SRO” means (i) any “self regulatory organization” as defined in Section 3(a)(26) of the Exchange Act, (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market, or (iii) any other securities exchange.

“Subsidiary” shall have the meaning set forth in the Merger Agreement.

“Total Economic Interest” means, as of any date of determination, the total economic interests of all Voting Securities then outstanding. The percentage of the Total Economic Interest Beneficially Owned by any Person as of any date of determination is the percentage of the Total Economic Interest then Beneficially Owned by such Person, including pursuant to any swaps or any other agreements, transactions or series of transactions, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise.

“Total Voting Power” means, as of any date of determination, the total number of votes that may be cast in the election of directors of the Company if all Voting Securities then outstanding were present and voted at a meeting held for such purpose. The percentage of the Total Voting Power Beneficially Owned by any Person as of any date of determination is the percentage of the Total Voting Power of the Company that is represented by the total number of votes that may be cast in the election of directors of the Company by Voting Securities then Beneficially Owned by such Person.

“Transfer” means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any Contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or (ii) in respect of any capital stock or interest in any capital stock, to enter into any swap or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock or interest in capital stock, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise. “Transferor” means a Person that Transfers or proposes to Transfer; and “Transferee” means a Person to whom a Transfer is made or is proposed to be made.

“Underwritten Offering” means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

“Volume Limitation” has the meaning set forth in Section 1.1(c)(iii).

“Voting Securities” means Company Common Shares and any other securities of the Company entitled to vote generally in the election of directors of the Company.

5.2 Interpretation. Whenever used: the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, and the words “hereof” and “herein” and similar words shall be construed as references to this Agreement as a whole and not limited to the particular Article, Section, Annex, Exhibit or Schedule in which the reference appears. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Annexes, Exhibits and Schedules mean the Articles, Sections and Annexes of, and Exhibits and Schedules attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. References to “\$” or “dollars” means United States dollars. Any reference in this Agreement to any gender shall include all genders. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The Annexes, Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The

headings of the Articles and Sections are for convenience of reference only and do not affect the interpretation of any of the provisions hereof. If, and as often as, there is any change in the outstanding Company Common Shares by reason of share dividends, splits, reverse splits, spin-offs, split-ups, mergers, reclassifications, reorganizations, recapitalizations, combinations or exchanges of shares and the like, appropriate adjustment shall be made in the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the rights and obligations set forth herein that continue to be applicable on the date of such change. No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

ARTICLE VI

MISCELLANEOUS

6.1 Term. This Agreement shall automatically terminate upon the earlier of (i) the termination of the Blackstone Shareholder Agreement and (ii) the date that the Investor Beneficially Owns less than 5% of the Shares Beneficially Owned by the Investor as of immediately following the Closing (as defined in the Merger Agreement). If this Agreement is terminated pursuant to this Section 6.1, this Agreement shall immediately then be terminated and of no further force and effect, except for the provisions set forth in this Article VI, which shall survive in accordance with their terms. Notwithstanding anything to the contrary in this Agreement, Section 4.1 shall terminate upon the three month anniversary of the Closing.

6.2 Notices. All notices, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by hand delivery, by prepaid overnight courier (providing written proof of delivery), by confirmed e-mail transmission or by certified or registered mail (return receipt requested and first class postage prepaid), addressed as follows:

(i) if to the Company, to:

Name: NXP Semiconductors N.V.
Address: General Counsel
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Email: guido.dierick@nxp.com
Attention: Guido Dierick

with a copy to (which shall not be considered notice):

Name: Simpson Thacher & Bartlett LLP
Address: 425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Email: ghorowitz@stblaw.com
ecooper@stblaw.com
Attention: Gary Horowitz
Elizabeth Cooper

(ii) if to the Investor, to:

Name: Permira Advisers LLC
Address: 320 Park Avenue
33rd Floor
New York, NY 10022
Fax: (212) 386-7481
Email: Tom.Lister@permira.com
Attention: Tom Lister

with a copy to (which shall not be considered notice):

Name: Skadden, Arps, Slate, Meagher & Flom LLP
Address: Four Times Square
New York, New York 10036
Fax: (212) 735-2000
Email: Kenton.King@skadden.com
Allison.Schneirov@skadden.com
Amr.Razzak@skadden.com
Attention: Kenton J. King
Allison R. Schneirov
Amr Razzak

or to such other address (i.e., e-mail address) for a party as shall be specified in a notice given in accordance with this Section 6.2; provided that any notice received by email transmission or otherwise at the addressee's location on any Business Day after 5:00 P.M. (addressee's local time) shall be deemed to have been received at 9:00 A.M. (addressee's local time) on the next Business Day; provided, further that notice of any change to the address or any of the other details specified in or pursuant to this Section 6.2 shall not be deemed to have been received until, and shall be deemed to have been received upon, the later of the date specified in such notice or the date that is five (5) Business Days after such notice would otherwise be deemed to have been received pursuant to this Section 6.2.

6.3 Amendments and Waivers. Each of the parties hereto agrees that no provision of this Agreement may be amended or modified unless such amendment or modification is in writing and signed by all parties hereto. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

6.4 Successors and Assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written

consent of the other parties, provided that any proposed assignment by the Investor of any of its rights herein to any party other than to an Affiliate of the Investor may be granted or withheld in the Company's sole and absolute discretion, it being understood that it is the intention of the parties hereto that the rights afforded to the Investor are personal to the Investor and are not transferable except as expressly provided herein. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Any attempted assignment in violation of this Section 6.4 shall be void.

6.5 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by Applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement), together with the Confidentiality Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement.

6.8 Governing Law; Jurisdiction. This Agreement and all litigation, claims, actions, suits, hearings or proceedings (whether civil, criminal or administrative and whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement, any of the transactions contemplated by this Agreement or the actions of the Company or the Investor in the negotiation, administration, performance and enforcement hereof or thereof, shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice or conflict of Laws provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York. Each of the parties hereto hereby (a) expressly and irrevocably submits to the exclusive personal jurisdiction of any United States federal court located in the Southern District of the State of New York or any New York state court located in Manhattan in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts as described in (a) above; provided that each of the parties shall have the right to bring any action or proceeding for enforcement of a judgment entered by any United States federal court located in the State of New York or any New York state court in any other court or jurisdiction. Each party irrevocably consents to the service of

process outside the territorial jurisdiction of the courts referred to herein in any such action or proceeding in connection with this Agreement or the transactions contemplated hereby by mailing copies thereof by registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 6.2. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

6.9 WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. EACH OF THE PARTIES HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.10.

6.10 Specific Performance. The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder will cause irreparable injury to the non-breaching parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the granting of injunctive relief by any court of competent jurisdiction to prevent breaches of this Agreement, to enforce specifically the terms and provisions hereof and to compel performance of such party's obligations, this being in addition to any other remedy to which any party is entitled under this Agreement. The parties further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy, and that such remedy shall be in addition to any other remedy to which a party is entitled at law or in equity.

6.11 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and each such party's respective heirs, successors and permitted assigns; provided, that the Persons indemnified under Section 3.9 are intended third party beneficiaries of Section 3.9, and Non-Liable Persons are intended third party beneficiaries of Section 6.12.

6.12 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that any party hereto may be a partnership or limited liability company, each party hereto, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the named parties hereto shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future director, officer, agent, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary,

representative or employee of any Investor (or any of their heirs, successors or permitted assigns), or against any former, current or future director, officer, agent, employee, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative, general or limited partner, shareholder, manager or member of any of the foregoing Persons, but in each case not including the named parties hereto (each, a "Non-Liable Person"), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such party against any Non-Liable Person, by the enforcement of any assignment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person, as such, for any obligations of the applicable party under this Agreement or the transactions contemplated hereby, in respect of any oral representations made or alleged to have been made in connection herewith or therewith or for any claim (whether in tort, contract or otherwise) based on, in respect of or by reason of, such obligations or their creation.

6.13 Scope of Agreement. Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Agreement shall in any way limit the activities of Permira Advisers LLC and its affiliates in their businesses distinct from the private equity business of Permira Advisers LLC, provided that the Confidential Information is not made available to Representatives of Permira Advisers LLC and its affiliates who are not involved in the private equity business of Permira Advisers LLC. Should any Confidential Information be made available to a Representative of Permira Advisers LLC and its affiliates who is not involved in the private equity business of Permira Advisers LLC, such Representative shall be bound by this Agreement in accordance with its terms. In addition, none of the provisions of this Agreement shall in any way apply to any portfolio company of an affiliate of Permira Advisers LLC, provided, however, that should the Confidential Information be made available to a Representative of any portfolio company of an affiliate of Permira Advisers LLC, such Representative shall be bound by this Agreement in accordance with its terms.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

NXP Semiconductors N.V.

By: /s/ Guido Dierick

Name: Guido Dierick

Title: Executive Vice President and General Counsel

P4 SUB L.P. 1

By: Permira IV Managers L.P., its manager

By: Permira IV Managers Limited, its general partner

By: /s/ David Emery

Name: David Emery

Title: Alternate Director

PERMIRA IV L.P. 2

By: Permira IV Managers L.P., its manager

By: Permira IV Managers Limited, its general partner

By: /s/ David Emery

Name: David Emery

Title: Alternate Director

PERMIRA INVESTMENTS LIMITED

By: Permira Nominees Limited, as nominee

By: /s/ David Emery

Name: David Emery

Title: Alternate Director

P4 CO-INVESTMENT L.P.

By: Permira IV G.P. L.P., its manager

By: Permira IV GP Limited, its general partner

By: /s/ David Emery

Name: David Emery

Title: Alternate Director

EXHIBIT A

FORM OF JOINDER

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain NXP Semiconductors N.V. Shareholders Agreement, dated as of December 7, 2015 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Shareholders Agreement") by and among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven, the shareholder of the Company whose name appears on the signature pages thereto (the "Investor"), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

By executing and delivering this Joinder Agreement to the Shareholders Agreement, the undersigned hereby adopts and approves the Shareholders Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming the Transferee of Shares, to become a party to, and to be bound by and comply with the provisions of, the Shareholders Agreement applicable to the Investor, in the same manner as if the undersigned were an original signatory to the Shareholders Agreement.

The undersigned hereby represents and warrants that, pursuant to this Joinder Agreement and the Shareholders Agreement, it is a Permitted Transferee of the Investor and will be the lawful Beneficial Owner of [●] Shares as of the date hereof.

The undersigned acknowledges and agrees that Section 6.2 through Section 6.12 of the Shareholders Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature page follows]

Accordingly, the undersigned have executed and delivered this Joinder Agreement as of the day of , .

TRANSFeree

Print Name:

Address:

Telephone:

Facsimile:

Email:

AGREED AND ACCEPTED

as of the day of , .

NXP Semiconductors N.V.

By: _____
Name: _____
Title: _____

[TRANSFEROR

By: _____
Name: _____
Title: _____]

NXP SEMICONDUCTORS N.V. SHAREHOLDERS AGREEMENT

Dated as of December 7, 2015

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Exhibits

Exhibit A Form of Joinder

SHAREHOLDERS AGREEMENT, dated as of December 7, 2015 (this "Agreement"), among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven (the "Company"), and the shareholders of the Company whose names appear on the signature pages hereto (such shareholders, together with any Permitted Transferee of such shareholders who becomes a party pursuant to Section 1.1 hereof, collectively, the "Investor").

W I T N E S S E T H:

WHEREAS, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March 1, 2015, by and among the Company, Freescale Semiconductor, Ltd., a Bermuda exempted company ("Freescale"), and Nimble Acquisition Limited, a Bermuda exempted company and a wholly owned subsidiary of the Company ("Merger Sub"), Merger Sub merged with and into Freescale (the "Merger"), and Freescale has continued as the surviving company and a wholly owned indirect subsidiary of the Company, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, each common share of Freescale, \$0.01 par value, issued and outstanding immediately prior to the Effective Time (other certain such shares as set forth in the Merger Agreement) shall be converted into one common share, par value \$0.01 per share of the surviving corporation following the Merger (a "Surviving Corporation Share"), and each of the resulting Surviving Corporation Shares shall automatically be exchanged for (subject to the terms and conditions in the Merger Agreement) the right to receive (i) 0.3521 of a duly authorized, validly issued and fully paid ordinary share (*gewoon aandeel*) of Parent, par value EUR 0.20 per share (a "Company Common Share"), and (ii) \$6.25 in cash, without interest, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, in connection with the Merger, the shareholders of the Company whose names appear on the signature pages hereto received Company Common Shares (the "Shares") representing, in the aggregate, approximately 3.19% of the outstanding Company Common Shares, after giving effect to the issuance of Company Common Shares in the Merger; and

WHEREAS, each of the parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investor's ownership of the Shares and to establish certain rights, restrictions and obligations of the Investor with respect to the Shares.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

TRANSFERS

1.1 Transfer Restrictions.

(a) Other than solely in the case of Permitted Transfers, the Investor shall not Transfer any Shares prior to the date that is three (3) months after the Closing (such period, the "Restricted Period").

(b) "Permitted Transfers" mean, in each case, so long as such Transfer is in accordance with Applicable Law:

(i) a Transfer to a Permitted Transferee of the Investor, so long as such Permitted Transferee, in connection with such Transfer, executes a joinder to this Agreement in the form attached as Exhibit A hereto; or

(ii) a Transfer solely to tender into a tender or exchange offer commenced by a third party (for the avoidance of doubt, not in violation of this Agreement) or by the Company; provided, that with respect to an unsolicited tender or exchange offer commenced by a third party, such Transfer shall be permitted only if (A) such tender or exchange offer includes an irrevocable minimum tender condition of no less than a majority of the then-outstanding Company Common Shares and (B) as of the expiration of such offer (x) no shareholder rights plan or analogous "poison pill" of the Company is in effect or (y) the Board of Directors of the Company (the "Board") has affirmatively publicly recommended to the Company's shareholders that such shareholders tender into such offer and has not publicly withdrawn or changed such recommendation.

(c) Notwithstanding anything to the contrary contained herein, the Investor shall not Transfer any Shares:

(i) other than in accordance with all Applicable Laws and the other terms and conditions of this Agreement;

(ii) except in a Permitted Transfer, in one or more transactions in which any Person or Group, to the Investor's knowledge, after giving effect to such Transfer, would Beneficially Own 5% or more of the Total Voting Power or the Total Economic Interest; provided that the restriction in this clause (ii) shall not apply to Transfers effected solely through a bona fide Underwritten Offering pursuant to an exercise of the registration rights provided in this Agreement;

(iii) except in a Permitted Transfer, in each 90-day period following the Restricted Period in an amount for the Investor (together with its Affiliates), in excess of 33 1/3% of the Shares held by the Investor (together with its Affiliates), as applicable, as of immediately following the Merger (the "Volume Limitation"); provided, that the Volume Limitation shall not apply to Transfers effected solely through an offering pursuant to an exercise of the registration rights provided in this Agreement.

(d) With respect to the Investor, any certificates for Shares shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares) referencing restrictions on Transfer of such Shares under the Securities Act and under this Agreement, which legend shall state in substance:

“The securities evidenced by this certificate may not be offered or sold, transferred, pledged, hypothecated or otherwise disposed of except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), (ii) to the extent applicable, pursuant to Rule 144 under the Securities Act (or any similar rule under the Securities Act relating to the disposition of securities), or (iii) pursuant to an available exemption from registration under the Securities Act.

The securities evidenced by this certificate are subject to restrictions on transfer set forth in a Shareholders Agreement dated as of December 7, 2015 among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company).”

(e) Notwithstanding the foregoing subsection (d), the Investor shall be entitled to receive from the Company new certificates for a like number of Shares not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of the Investor (i) at such time as such restrictions are no longer applicable, and (ii) with respect to the restriction on Transfer of such Shares under the Securities Act or any other Applicable Law, unless such Shares are sold pursuant to a registration statement, subject to delivery of an opinion of counsel to the Investor, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other Applicable Law.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. It has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any Contract or agreement to which it is a party.

(c) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement have been duly authorized by all necessary limited partnership or other analogous action on its part. This Agreement has been duly executed and delivered by the Investor and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Investor does not Beneficially Own any Voting Securities as of the date hereof, other than any Voting Securities acquired in the Merger.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a public company with limited liability (*naamloze vennootschap*) duly incorporated under the laws of The Netherlands. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) the organizational documents of the Company or (z) any Contract or agreement to which the Company is a party.

(c) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Company is not a party to any agreement or understanding whereby any Person, other than as set forth herein or in the Other Shareholder Agreements, has any registration rights with respect to the Company's securities.

REGISTRATION

3.1 Registration Statement.

(a)

(i) If, from and after the expiration of the Restricted Period, the Company has registered or has determined to register any Company Common Shares for its own account or for the account of other securityholders of the Company, including the Blackstone Investor, on any registration form (other than Form F-4 or S-8) which permits the inclusion of the Registrable Securities, including as a supplement to a Shelf Registration Statement to be filed pursuant to Rule 424(b)(7) under the Securities Act (a “Piggyback Registration”), the Company will give the Investor written notice thereof promptly (but in no event less than ten (10) Business Days prior to the anticipated filing date) and, subject to Section 3.1(a)(i), shall include in such registration all Registrable Securities requested to be included therein pursuant to the written request of the Investor received on or before the second Business Day prior to the anticipated filing date. If a Piggyback Registration is initiated as a primary underwritten offering on behalf of the Company and the lead managing underwriter(s) advise the Company and the Investor that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, the Company shall include in such registration: (i) first, the number of Company Common Shares that the Company proposes to sell; and (ii) second, the number of Company Common Shares requested to be included therein by the Investor and Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree.

(ii) If a Piggyback Registration is initiated as an underwritten offering on behalf of another securityholder of the Company, including the Blackstone Investor, and the lead managing underwriter(s) advise the Company that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, then the Company shall include in such registration: (i) first, the number of Company Common Shares requested to be included therein by such other securityholder, the Investor and the Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree; and (ii) second, the number of Company Common Shares that the Company proposes to sell.

(iii) If any Piggyback Registration is a primary underwritten offering, the Company shall have the right to select the managing underwriter or underwriters to administer any such offering.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the Investor, to require the Investor to suspend sales of Registrable Securities under a Piggyback Registration during any Blackout Period. The Investor may recommence effecting sales of the Registrable Securities pursuant to a Piggyback Registration (or such filings) following further notice to such effect from the Company, which shall be given by the Company promptly following the expiration of any Blackout Period. After the expiration of any Blackout Period and without any further request from the Investor, the Company to the extent necessary shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Piggyback Registration or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.2 Withdrawal Rights. The Investor having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement (subject to the other terms and conditions of this Agreement). No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn.

3.3 Holdback Agreements. In connection with any Underwritten Offering, the Investor agrees to enter into customary “lock-up” agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) to the extent required in writing by the lead managing underwriter(s) with respect to an applicable Underwritten Offering for a period of not more than ninety (90) days after the date of the “final” prospectus (or “final” prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made, plus, if applicable, an extension period, as may be proposed by the lead managing underwriter(s) to address FINRA regulations regarding the publishing of research, or such other period as is required by the lead managing underwriter(s); provided, however, the Investor shall not be subject to a lock-up period longer than the lock-up period to which the officers and directors of the Company are subject.

In the event of any Marketed Underwritten Shelf Offering, the Company will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form F-4, Form S-8 or any comparable or successor forms thereto) for its own account, within sixty (60) days, after the effective date of such registration except as may otherwise be agreed between the Company and the lead managing underwriter(s) of such Marketed Underwritten Shelf Offering.

3.4 Registration Procedures.

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3.1, including the Shelf Registration Statement and a Piggyback Registration, the Company shall as expeditiously as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration in accordance with the intended method or methods of distribution of such securities and thereafter use commercially reasonable efforts to cause such registration statement to become and remain effective pursuant to the terms of this Article III; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, that before filing such registration statement or any amendments thereto, the Company will furnish to the Investor and the Other Holders (if they are including Company Common Shares in such registration) ("Selling Shareholder"), its counsel and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment of such counsel, and other documents reasonably requested by such counsel, including any comment letter from the Commission, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such registration statement and each prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Company's books and records, officers, accountants and other advisors;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective pursuant to the terms of this Article III or necessary to facilitate the disposition of the Registrable Securities covered by such registration statement and prospectus (including causing the prospectus contained in such registration statement to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act), and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities, including the Registrable Securities, covered by such registration statement;

(iii) if requested by the lead managing underwriter(s), if any, or the Investor in connection with an Underwritten Offering, promptly include in a prospectus supplement or post-effective amendment, such information as the lead managing underwriter(s), if any, and the Investor may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 3.4(a)(iii) that are not, based on the advice of counsel for the Company, in compliance with Applicable Law;

(iv) furnish to the Selling Shareholder and each underwriter, if any, of the securities being sold by the Selling Shareholder such number of conformed copies of such registration statement and of each amendment and supplement thereto, such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a "Free Writing Prospectus") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as the Selling Shareholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the Selling Shareholder;

(v) use commercially reasonable efforts to register or qualify or cooperate with the Selling Shareholder, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or "blue sky" laws of such jurisdictions as the Selling Shareholder and any underwriter of the securities being sold by the Selling Shareholder shall reasonably request, and to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective and take any other action which may be necessary or reasonably advisable to enable the Selling Shareholder and underwriters to consummate the disposition in such jurisdictions of the Registrable Securities owned by the Selling Shareholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (v) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction where it would not otherwise be obligated to do so, but for this clause (v), or (C) file a general consent to service of process in any such jurisdiction;

(vi) use commercially reasonable efforts (including seeking to cure in the Company's listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed or included;

(vii) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be reasonably necessary to enable the Selling Shareholder to consummate the disposition of such Registrable Securities;

(viii) use commercially reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) use commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act;

(x) use commercially reasonable efforts to make generally available to its stockholders, as soon as reasonably practicable, earnings statements (which need not be audited) covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and use commercially reasonable efforts to take all such other actions reasonably requested by the Investor in connection therewith (including those reasonably requested by the lead managing underwriter(s), if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Offering (A) make such representations and warranties to the Investor and the underwriters, if any, with respect to the business of the Company and its subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, and, if true, confirm the same if and when requested, (B) if an underwriting agreement has been entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 3.9 hereof with respect to all parties to be indemnified pursuant to said Section except as otherwise agreed by the Selling Shareholder and (C) deliver such documents and certificates as reasonably requested by the Selling Shareholder, its counsel and the lead managing underwriters(s), if any, to evidence the continued validity of the representations and warranties made pursuant to sub-clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(xii) in connection with an Underwritten Offering or otherwise required in connection with the disposition of the Registrable Securities, use commercially reasonable efforts to obtain for the Selling Shareholder and underwriter(s) (A) opinions of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by the Selling Shareholder and underwriters and (B) “comfort” letters and updates thereof (or, in the case of any such Person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72 or any successor accounting standard thereto, an “agreed upon procedures” letter) signed by the independent public accountants who have certified the Company’s financial statements and, to the extent required, any other financial statements included or incorporated by reference in such registration statement, covering the matters customarily covered in “comfort” letters in connection with underwritten offerings;

(xiii) make available for inspection by the Selling Shareholder, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained in connection with such offering by the Selling Shareholder or underwriter (collectively, the “Inspectors”), financial and other records, pertinent corporate documents and instruments of the

Company (collectively, the “Records”), as shall be reasonably necessary, or as shall otherwise be reasonably requested, to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney, agent or accountant in connection with such registration statement (in each case subject to the Selling Shareholder and/or Inspectors entering into customary confidentiality agreement on terms and conditions reasonably acceptable to the Company as may be reasonably requested by the Company); provided, further, that the Selling Shareholder agrees that it will, upon receipt of a written request to disclose such Records from a court of competent jurisdiction or by another Governmental Authority, give notice to the Company and allow the Company, at its expense, to undertake appropriate action seeking to prevent disclosure of the Records deemed confidential;

(xiv) as promptly as practicable notify in writing the Selling Shareholder and the underwriters, if any, of the following events: (A) the filing of the registration statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the Commission or any other U.S. or state governmental authority for amendments or supplements to the registration statement or the prospectus or for additional information; (C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any mutual agreement (including any underwriting agreement) contemplated by Section 3.4(a)(xi) cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, at the request of any Selling Shareholder, promptly prepare and furnish to the Selling Shareholder a reasonable number of copies of a supplement to or an amendment of such registration statement or prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xv) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that, subject to the requirements of Section 3.4(a)(v), the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (xiii) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction wherein it would not be obligated to do so but for the requirements of this clause (xiii) or (C) file a general consent to service of process in any such jurisdiction;

(xvi) cooperate with the Selling Shareholder and the lead managing underwriter(s) to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under Applicable Law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the lead managing underwriter(s) or the Selling Shareholder may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xvii) cooperate with the Selling Shareholder and each underwriter or agent participating in the disposition of any Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA; and

(xviii) have appropriate officers of the Company prepare and make presentations at a reasonable number of "road shows" and before analysts and rating agencies, as the case may be, and other information meetings reasonably organized by the underwriters and otherwise use commercially reasonable efforts to cooperate as reasonably requested by the Selling Shareholder and the underwriters in the offering, marketing or selling of the Registrable Securities.

(b) The Company may require the Selling Shareholder and each underwriter, if any, to furnish the Company in writing such information regarding the Selling Shareholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such registration statement.

(c) The Selling Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 3.4(a)(xiv), the Selling Shareholder shall forthwith discontinue its disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.4(a)(xiii), or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus.

(d) With a view to making available to the Investor the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a registration statement, the Company shall:

(i) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to the Investor so long as it owns Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as the Investor may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

3.5 Registration Expenses. The Company shall pay all fees and expenses incident to the Company's performance of its obligations under this Article III, including (a) all registration and filing fees, including all fees and expenses of compliance with securities and "blue sky" laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities pursuant to Section 3.4(a)(v)) and all fees and expenses associated with filings required to be made with FINRA (including, if applicable, the fees and expenses of any "qualified independent underwriter" as such term is defined in FINRA Rule 5121), (b) all printing (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the Investor) and copying expenses, (c) all messenger, telephone and delivery expenses, (d) expenses of the Company incurred in connection with any "road show", (e) except as provided in this Section 3.5, any fees and disbursements customarily paid in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any registration statement), and (f) all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions). The Investor shall pay the fees and expenses of its own counsel and the Investor's portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of its Registrable Securities pursuant to any registration.

3.6 Information to be Furnished by Investor. Not less than seven (7) Business Days before the expected filing date of each registration statement pursuant to this Agreement, the Company shall notify the Investor (if it has timely provided the requisite notice hereunder entitling it to register Registrable Securities in such registration statement) of the information, documents and instruments from it that the Company or any underwriter reasonably requests in

connection with such registration statement, including, if applicable, a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement (the “Requested Information”). If the Company has not received, on or before the second Business Day before the expected filing date, the Requested Information from the Investor, the Company may file the registration statement without including Registrable Securities of the Investor. The failure to so include in any registration statement the Registrable Securities of the Investor (with regard to that registration statement) shall not result in any liability on the part of the Company to the Investor.

3.7 Registration Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by Law, the Selling Shareholder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Selling Shareholder or such other indemnified Person and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter, from and against all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement (collectively, the “Losses”), as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 3.7(a)) will reimburse the Selling Shareholder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each such Person who controls the Selling Shareholder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each such underwriter and each such Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except that, with respect to a Selling Shareholder, the Company will not be liable to the extent that any such claim, Loss, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use therein.

(b) In connection with any registration statement in which the Selling Shareholder is participating, the Selling Shareholder shall indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue

statement) of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 3.7(b)) will reimburse the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Selling Shareholder expressly for inclusion in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto. Notwithstanding the foregoing, the Selling Shareholder shall not be liable under this Section 3.7(b) for amounts in excess of the net proceeds received by it in the offering giving rise to such liability.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party and, as a result, a conflict of interest exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its

consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) The indemnification provided for under this Agreement shall survive the Transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the Selling Shareholder shall not be required to make a contribution in excess of the net proceeds received by it from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

ARTICLE IV

CONFIDENTIALITY

4.1 Confidentiality. The Investor hereby agrees that all Confidential Information with respect to the Company, its Subsidiaries and its and their businesses, finances and operations shall be kept confidential by it and shall not be disclosed by it in any manner whatsoever, except as expressly permitted by this Section 4.1. Any Confidential Information may be disclosed:

(a) by the Investor (x) to any of its Affiliates (other than any portfolio companies thereof), (y) to its or such Affiliate's respective directors, managers, members, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors thereof) and (z) in the case of any Investor that is a limited partnership, limited liability company or other investment vehicle, to any current or prospective

direct or indirect general partner, limited partner, member, equityholder or management company of such Investor or any former direct or indirect general partner, limited partner, member, equityholder or management company which retains an economic interest in such Investor (or any employee, attorney, accountant, consultant, banker or financial advisor or representative of any of the foregoing) (each of the Persons described in clauses (x), (y) and (z), collectively, for purposes of this Section 4.1 and the definition of Confidential Information, "Representatives"), in each case, solely if and to the extent any Representative needs to be provided such Confidential Information to assist such Investor or its Affiliates in evaluating or reviewing its direct or indirect investment in the Company, including in connection with the disposition thereof, and each Representative of the Investor shall be deemed to be bound by the provisions of this Section 4.1 and such Investor shall be responsible for any breach of this Section 4.1 by any such Representative to the same extent as if such breach had been committed by the Investor; provided, further, that the Investor hereby acknowledges that it is aware, and it will advise its Representatives to whom it provides Confidential Information, that such Confidential Information may include material non-public information and that applicable securities laws impose restrictions on trading securities when in possession of such information and on communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to trade in such securities;

(b) by the Investor or any of its Representatives to the extent the Company consents in writing;

(c) by the Investor or any of its Representatives to a potential Transferee (so long as such Transfer is permitted hereunder); provided, that such Transferee agrees to be bound by the provisions of this Section 4.1 (or a confidentiality agreement with the Company having restrictions substantially similar to (and no less restrictive than) this Section 4.1) and such Investor shall be responsible for any breach of this Section 4.1 (or such confidentiality agreement) by any such potential Transferee to the same extent as if such breach had been committed by the Investor; and

(d) by the Investor or any of its Representatives to the extent that such Investor or Representative has received advice from its counsel that it is legally compelled to do so or is required to do so to comply with Applicable Law or legal process or Governmental Authority request or the rules of any securities exchange on which its securities are listed or the rules and regulations of any SRO; provided, that prior to making such disclosure, such Investor or Representative, as the case may be, uses commercially reasonable efforts to preserve the confidentiality of the Confidential Information to the extent reasonably practicable and permitted by Applicable Law, including, to the extent permitted by Applicable Law, (A) consulting with the Company regarding such disclosure and (B) if requested by the Company, assisting the Company, at the Company's expense, in seeking a protective order to prevent the requested disclosure; provided, further, that such Investor or Representative, as the case may be, uses reasonable best efforts to disclose only that portion of the Confidential Information as is requested by the applicable Governmental Authority or as is, based on the advice of its counsel, legally required or compelled.

ARTICLE V

DEFINITIONS

5.1 Defined Terms. Capitalized terms when used in this Agreement have the following meanings:

“Affiliate” means, with respect to any Person, an “affiliate” as defined in Rule 405 of the regulations promulgated under the Securities Act and with respect to each Investor, an “affiliate” of such Investor as defined in Rule 405 of the regulations promulgated under the Securities Act and any Investment Fund, investment vehicle or holding company of which such Investor or an Affiliate of such Investor serves as the general partner, managing member or discretionary manager or advisor; provided, however, that notwithstanding the foregoing, an Affiliate of an Investor shall not include (x) any portfolio company of any such Person or of such Investor or any Investment Fund, vehicle or holding company, (y) any limited partners of such Investor, or (z) any of the Other Holders or any of their respective Affiliates.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any Law applicable to such Person, its assets, properties, operations or business.

“Beneficial Owner” or “Beneficially Own” has the meaning assigned to such term in Rule 13d-3 under the Exchange Act, and a Person’s beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such Rule is actually applicable in such circumstance).

“Blackout Period” means (i) any regular quarterly period during which directors and executive officers of the Company are not permitted to trade under the insider trading policy of the Company then in effect, provided, that if the Investor proposes to sell Registrable Securities during such period, the Company shall consider in good faith facilitating such sale during such period, and (ii) in the event that the Company determines in good faith that the registration would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, a period of no more than 30 days in any 90-day period or 90 days in any 365-day period.

“Blackstone Investor” means Blackstone Capital Partners (Cayman) V L.P., Blackstone Capital Partners (Cayman) V-A L.P., BCP (Cayman) V-S L.P., Blackstone Family Investment Partnership (Cayman) V L.P., Blackstone Family Investment Partnership (Cayman) V-A L.P., Blackstone Participation Partnership (Cayman) V L.P. and any of their “Permitted Transferees” (as such term is defined in the Shareholders Agreement, dated as of the date hereof, by and among the Company and the foregoing).

“Board” has the meaning set forth in Section 1.1(b)(ii).

“Business Day” means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York or Eindhoven, the Netherlands are authorized or required by Law to be closed.

“Closing” shall have the meaning set forth in the Merger Agreement.

“Closing Date” shall have the meaning set forth in the Merger Agreement.

“Commission” means the Securities and Exchange Commission or any other federal agency administering the Securities Act.

“Company” has the meaning set forth in the preamble.

“Company Common Shares” has the meaning set forth in the recitals.

“Confidential Information” means all information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof) obtained by or on behalf of the Investor or its Representatives from the Company or its Representatives, through the Shares Beneficially Owned or through the rights granted pursuant hereto, other than information which (i) was or becomes generally available to the public other than as a result of a breach of this Agreement by the Investor or such Representatives, (ii) was or becomes available to the Investor or such Representatives on a non-confidential basis from a source other than the Company or its Representatives, provided, that the source thereof is not known by the Investor or such Representatives to be bound by an obligation of confidentiality to the Company, or (iii) is independently developed by the Investor or such Representatives without the use of or reference to any such information that would otherwise be Confidential Information hereunder. Subject to clauses (i)-(iii) above, Confidential Information also includes all non-public information previously provided by the Company or its Representatives to the Investor or its Representatives pursuant to the Confidentiality Agreement, including all information, documents and reports referred to thereunder, or otherwise.

“Confidentiality Agreement” means the letter agreement, dated as of December 22, 2014, between Freescale and the Company and any amendments thereto or side letters entered into in connection therewith.

“Contract” means any contract, lease, license, indenture, loan, note, agreement or other legally binding commitment, arrangement or undertaking (whether written or oral and whether express or implied).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Controlled Affiliate” means any Affiliate of the specified Person that is, directly or indirectly, Controlled by the specified Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Freescale” has the meaning set forth in the recitals.

“FINRA” means the Financial Industry Regulatory Authority.

“Free Writing Prospectus” has the meaning set forth in Section 3.4(a)(iv).

“Governmental Authority” means any federal, national, state, local, cantonal, municipal, international or multinational government or political subdivision thereof, governmental department, commission, board, bureau, agency, taxing or regulatory authority, instrumentality or judicial or administrative body, or arbitrator or SRO, having jurisdiction over the matter or matters in question.

“Group” has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

“Inspectors” has the meaning set forth in Section 3.4(a)(xiii).

“Investment Fund” means, with respect to an Investor, any investment fund, investment vehicle or other account that is, directly or indirectly, managed or advised by such Investor or any of its Controlled Affiliates.

“Investor” has the meaning set forth in the preamble.

“Law” has the meaning set forth in the Merger Agreement.

“Losses” has the meaning set forth in Section 3.7(a).

“Merger” has the meaning set forth in the recitals.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“Non-Liable Person” has the meaning set forth in Section 6.12.

“Other Holder” means any Person that has registration rights under any Other Shareholder Agreement.

“Other Shareholder Agreements” mean the shareholders agreements (other than this Agreement) entered into at the closing of the Merger with certain former equityholders of Freescale Holdings L.P. in accordance with the Merger Agreement.

“Permitted Transferee” means, with respect to any Person, any Affiliate of such Person.

“Permitted Transfers” has the meaning set forth in Section 1.1(b).

“Person” has the meaning set forth in the Merger Agreement.

“Piggyback Registration” has the meaning set forth in Section 3.1(a)(i).

“Prospectus” means the prospectus included in any Shelf Registration Statement or a Piggyback Registration (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Shelf Registration Statement or Piggyback Registration in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement or any issuer free writing prospectus (as defined in Rule 433 under the Securities Act), with respect to the offering of any portion of the Registrable Securities covered by such Shelf Registration Statement or Piggyback Registration, and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

“Records” has the meaning set forth in Section 3.4(a)(xiii).

“Registrable Securities” means, with respect to the Investor, (1) the Shares issued in connection with the Merger, and (2) any additional securities issued or issuable as a dividend or distribution or in exchange for, or in respect of such Shares; provided, that any such Shares shall cease to be Registrable Securities when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they are sold pursuant to Rule 144 under the Securities Act or (iii) they shall have ceased to be outstanding.

“Representatives” has the meaning set forth in Section 5.1(a).

“Requested Information” has the meaning set forth in Section 3.6.

“Restricted Period” has the meaning set forth in Section 1.1(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Selling Shareholder” has the meaning set forth in Section 3.4(a)(i).

“Shares” has the meaning set forth in the recitals.

“Shelf Registration Statement” has the meaning set forth in the Other Shareholder Agreement entered into at the closing of the Merger with the Blackstone Investor (the “Blackstone Shareholder Agreement”).

“SRO” means (i) any “self regulatory organization” as defined in Section 3(a)(26) of the Exchange Act, (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market, or (iii) any other securities exchange.

“Subsidiary” shall have the meaning set forth in the Merger Agreement.

“Total Economic Interest” means, as of any date of determination, the total economic interests of all Voting Securities then outstanding. The percentage of the Total Economic Interest Beneficially Owned by any Person as of any date of determination is the percentage of the Total Economic Interest then Beneficially Owned by such Person, including pursuant to any swaps or any other agreements, transactions or series of transactions, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise.

“Total Voting Power” means, as of any date of determination, the total number of votes that may be cast in the election of directors of the Company if all Voting Securities then outstanding were present and voted at a meeting held for such purpose. The percentage of the Total Voting Power Beneficially Owned by any Person as of any date of determination is the percentage of the Total Voting Power of the Company that is represented by the total number of votes that may be cast in the election of directors of the Company by Voting Securities then Beneficially Owned by such Person.

“Transfer” means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any Contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or (ii) in respect of any capital stock or interest in any capital stock, to enter into any swap or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock or interest in capital stock, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise. “Transferor” means a Person that Transfers or proposes to Transfer; and “Transferee” means a Person to whom a Transfer is made or is proposed to be made.

“Underwritten Offering” means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

“Volume Limitation” has the meaning set forth in Section 1.1(c)(iii).

“Voting Securities” means Company Common Shares and any other securities of the Company entitled to vote generally in the election of directors of the Company.

5.2 Interpretation. Whenever used: the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, and the words “hereof” and “herein” and similar words shall be construed as references to this Agreement as a whole and not limited to the particular Article, Section, Annex, Exhibit or Schedule in which the reference appears. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Annexes, Exhibits and Schedules mean the Articles, Sections and Annexes of, and Exhibits and Schedules attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. References to “\$” or “dollars” means United States dollars. Any reference in this Agreement to any gender shall include all genders. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The Annexes, Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The

headings of the Articles and Sections are for convenience of reference only and do not affect the interpretation of any of the provisions hereof. If, and as often as, there is any change in the outstanding Company Common Shares by reason of share dividends, splits, reverse splits, spin-offs, split-ups, mergers, reclassifications, reorganizations, recapitalizations, combinations or exchanges of shares and the like, appropriate adjustment shall be made in the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the rights and obligations set forth herein that continue to be applicable on the date of such change. No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

ARTICLE VI

MISCELLANEOUS

6.1 Term. This Agreement shall automatically terminate upon the earlier of (i) the termination of the Blackstone Shareholder Agreement and (ii) the date that the Investor Beneficially Owns less than 5% of the Shares Beneficially Owned by the Investor as of immediately following the Closing (as defined in the Merger Agreement). If this Agreement is terminated pursuant to this Section 6.1, this Agreement shall immediately then be terminated and of no further force and effect, except for the provisions set forth in this Article VI, which shall survive in accordance with their terms. Notwithstanding anything to the contrary in this Agreement, Section 4.1 shall terminate upon the three month anniversary of the Closing.

6.2 Notices. All notices, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by hand delivery, by prepaid overnight courier (providing written proof of delivery), by confirmed e-mail transmission or by certified or registered mail (return receipt requested and first class postage prepaid), addressed as follows:

(i) if to the Company, to:

Name: NXP Semiconductors N.V.
Address: General Counsel
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Email: guido.dierick@nxp.com
Attention: Guido Dierick

with a copy to (which shall not be considered notice):

Name: Simpson Thacher & Bartlett LLP
Address: 425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Email: ghorowitz@stblaw.com
ecooper@stblaw.com
Attention: Gary Horowitz
Elizabeth Cooper

(ii) if to the Investor, to:

Name: The Carlyle Group LP
Address: 128 South Tryon Street
Suite 1550
Charlotte, NC 28202
Fax: (704) 632-0201
Email: Bud.Watts@carlyle.com
Attention: Claudius E. Watts IV

with a copy to (which shall not be considered notice):

Name: Skadden, Arps, Slate, Meagher & Flom LLP
Address: Four Times Square
New York, New York 10036
Fax: (212) 735-2000
Email: Kenton.King@skadden.com
Allison.Schneirov@skadden.com
Amr.Razzak@skadden.com
Attention: Kenton J. King
Allison R. Schneirov
Amr Razzak

or to such other address (i.e., e-mail address) for a party as shall be specified in a notice given in accordance with this Section 6.2; provided that any notice received by email transmission or otherwise at the addressee's location on any Business Day after 5:00 P.M. (addressee's local time) shall be deemed to have been received at 9:00 A.M. (addressee's local time) on the next Business Day; provided, further that notice of any change to the address or any of the other details specified in or pursuant to this Section 6.2 shall not be deemed to have been received until, and shall be deemed to have been received upon, the later of the date specified in such notice or the date that is five (5) Business Days after such notice would otherwise be deemed to have been received pursuant to this Section 6.2.

6.3 Amendments and Waivers. Each of the parties hereto agrees that no provision of this Agreement may be amended or modified unless such amendment or modification is in writing and signed by all parties hereto. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

6.4 Successors and Assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written

consent of the other parties, provided that any proposed assignment by the Investor of any of its rights herein to any party other than to an Affiliate of the Investor may be granted or withheld in the Company's sole and absolute discretion, it being understood that it is the intention of the parties hereto that the rights afforded to the Investor are personal to the Investor and are not transferable except as expressly provided herein. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Any attempted assignment in violation of this Section 6.4 shall be void.

6.5 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by Applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement), together with the Confidentiality Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement.

6.8 Governing Law; Jurisdiction. This Agreement and all litigation, claims, actions, suits, hearings or proceedings (whether civil, criminal or administrative and whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement, any of the transactions contemplated by this Agreement or the actions of the Company or the Investor in the negotiation, administration, performance and enforcement hereof or thereof, shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice or conflict of Laws provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York. Each of the parties hereto hereby (a) expressly and irrevocably submits to the exclusive personal jurisdiction of any United States federal court located in the Southern District of the State of New York or any New York state court located in Manhattan in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts as described in (a) above; provided that each of the parties shall have the right to bring any action or proceeding for enforcement of a judgment entered by any United States federal court located in the State of New York or any New York state court in any other court or jurisdiction. Each party irrevocably consents to the service of

process outside the territorial jurisdiction of the courts referred to herein in any such action or proceeding in connection with this Agreement or the transactions contemplated hereby by mailing copies thereof by registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 6.2. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

6.9 WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. EACH OF THE PARTIES HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.10.

6.10 Specific Performance. The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder will cause irreparable injury to the non-breaching parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the granting of injunctive relief by any court of competent jurisdiction to prevent breaches of this Agreement, to enforce specifically the terms and provisions hereof and to compel performance of such party's obligations, this being in addition to any other remedy to which any party is entitled under this Agreement. The parties further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy, and that such remedy shall be in addition to any other remedy to which a party is entitled at law or in equity.

6.11 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and each such party's respective heirs, successors and permitted assigns; provided, that the Persons indemnified under Section 3.9 are intended third party beneficiaries of Section 3.9, and Non-Liable Persons are intended third party beneficiaries of Section 6.12.

6.12 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that any party hereto may be a partnership or limited liability company, each party hereto, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the named parties hereto shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future director, officer, agent, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary,

representative or employee of any Investor (or any of their heirs, successors or permitted assigns), or against any former, current or future director, officer, agent, employee, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative, general or limited partner, shareholder, manager or member of any of the foregoing Persons, but in each case not including the named parties hereto (each, a "Non-Liable Person"), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such party against any Non-Liable Person, by the enforcement of any assignment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person, as such, for any obligations of the applicable party under this Agreement or the transactions contemplated hereby, in respect of any oral representations made or alleged to have been made in connection herewith or therewith or for any claim (whether in tort, contract or otherwise) based on, in respect of or by reason of, such obligations or their creation.

6.13 Scope of Agreement. Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Agreement shall in any way limit the activities of The Carlyle Group LP and its affiliates in their businesses distinct from the private equity business of The Carlyle Group LP, provided that the Confidential Information is not made available to Representatives of The Carlyle Group LP and its affiliates who are not involved in the private equity business of The Carlyle Group LP. Should any Confidential Information be made available to a Representative of The Carlyle Group LP and its affiliates who is not involved in the private equity business of The Carlyle Group LP, such Representative shall be bound by this Agreement in accordance with its terms. In addition, none of the provisions of this Agreement shall in any way apply to any portfolio company of an affiliate of The Carlyle Group LP, provided, however, that should the Confidential Information be made available to a Representative of any portfolio company of an affiliate of The Carlyle Group LP, such Representative shall be bound by this Agreement in accordance with its terms.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

NXP Semiconductors N.V.

By: /s/ Guido Dierick

Name: Guido Dierick

Title: Executive Vice President and General Counsel

CARLYLE PARTNERS IV CAYMAN, L.P.

By: TC Group IV Cayman, L.P., its general partner

By: CP IV GP, Ltd., its general partner

By: /s/ Daniel A. D'Aniello

Name: Daniel A. D'Aniello

Title: Managing Director

CPIV COINVESTMENT CAYMAN, L.P.

By: TC Group IV Cayman, L.P., its general partner

By: CP IV GP, Ltd., its general partner

By: /s/ Daniel A. D'Aniello

Name: Daniel A. D'Aniello

Title: Managing Director

CARLYLE ASIA PARTNERS II, L.P.

By: CAP II General Partner, L.P., its general partner

By: CAP II, Ltd., its general partner

By: /s/ Daniel A. D'Aniello

Name: Daniel A. D'Aniello

Title: Managing Director

CAP II CO-INVESTMENT, L.P.

By: CAP II General Partner, L.P., its general partner

By: CAP II, Ltd., its general partner

By: /s/ Daniel A. D'Aniello

Name: Daniel A. D'Aniello

Title: Managing Director

CEP II PARTICIPATIONS S.A.R.L SICAR

By: /s/ Andrew Howlett-Bolton

Name: Andrew Howlett-Bolton

Title: Manager

By: /s/ Andrew Howlett-Bolton

Name: CEP II Managing GP Holdings, Ltd.

Title: Manager, represented by Andrew Howlett-Bolton,
Authorized Representative

CARLYLE JAPAN PARTNERS, L.P.

By: CJP General Partner, L.P., its general partner

By: Carlyle Japan Ltd., its general partner

By: /s/ Daniel A. D'Aniello

Name: Daniel A. D'Aniello

Title: Managing Director

CJP CO-INVESTMENT, L.P.

By: CJP General Partner, L.P., its general partner

By: Carlyle Japan Ltd., its general partner

By: /s/ Daniel A. Daniello

Name: Daniel A. Daniello

Title: Managing Director

EXHIBIT A

FORM OF JOINDER

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain NXP Semiconductors N.V. Shareholders Agreement, dated as of December 7, 2015 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Shareholders Agreement") by and among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven, the shareholder of the Company whose name appears on the signature pages thereto (the "Investor"), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

By executing and delivering this Joinder Agreement to the Shareholders Agreement, the undersigned hereby adopts and approves the Shareholders Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming the Transferee of Shares, to become a party to, and to be bound by and comply with the provisions of, the Shareholders Agreement applicable to the Investor, in the same manner as if the undersigned were an original signatory to the Shareholders Agreement.

The undersigned hereby represents and warrants that, pursuant to this Joinder Agreement and the Shareholders Agreement, it is a Permitted Transferee of the Investor and will be the lawful Beneficial Owner of [●] Shares as of the date hereof.

The undersigned acknowledges and agrees that Section 6.2 through Section 6.12 of the Shareholders Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature page follows]

Accordingly, the undersigned have executed and delivered this Joinder Agreement as of the day of , .

TRANSFeree

Print Name:

Address:

Telephone:

Facsimile:

Email:

NXP SEMICONDUCTORS N.V. SHAREHOLDERS AGREEMENT

Dated as of December 7, 2015

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Exhibits

Exhibit A Form of Joinder

SHAREHOLDERS AGREEMENT, dated as of December 7, 2015, (this "Agreement"), among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven (the "Company"), and the shareholders of the Company whose names appear on the signature pages hereto (such shareholders, together with any Permitted Transferee of such shareholders who becomes a party pursuant to Section 1.1 hereof, collectively, the "Investor").

W I T N E S S E T H:

WHEREAS, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March 1, 2015, by and among the Company, Freescale Semiconductor, Ltd., a Bermuda exempted company ("Freescale"), and Nimble Acquisition Limited, a Bermuda exempted company and a wholly owned subsidiary of the Company ("Merger Sub"), Merger Sub merged with and into Freescale (the "Merger"), and Freescale has continued as the surviving company and a wholly owned indirect subsidiary of the Company, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, each common share of Freescale, \$0.01 par value, issued and outstanding immediately prior to the Effective Time (other certain such shares as set forth in the Merger Agreement) shall be converted into one common share, par value \$0.01 per share of the surviving corporation following the Merger (a "Surviving Corporation Share"), and each of the resulting Surviving Corporation Shares shall automatically be exchanged for (subject to the terms and conditions in the Merger Agreement) the right to receive (i) 0.3521 of a duly authorized, validly issued and fully paid ordinary share (*gewoon aandeel*) of Parent, par value EUR 0.20 per share (a "Company Common Share"), and (ii) \$6.25 in cash, without interest, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, in connection with the Merger, the shareholders of the Company whose names appear on the signature pages hereto received Company Common Shares (the "Shares") representing, in the aggregate, approximately 9.62% of the outstanding Company Common Shares, after giving effect to the issuance of Company Common Shares in the Merger; and

WHEREAS, each of the parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investor's ownership of the Shares and to establish certain rights, restrictions and obligations of the Investor with respect to the Shares.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

TRANSFERS; STANDSTILL PROVISIONS

1.1 Transfer Restrictions.

(a) Other than solely in the case of Permitted Transfers, the Investor shall not Transfer any Shares prior to the date that is three (3) months after the Closing (such period, the "Restricted Period").

(b) "Permitted Transfers" mean, in each case, so long as such Transfer is in accordance with Applicable Law:

(i) a Transfer to a Permitted Transferee of the Investor, so long as such Permitted Transferee, in connection with such Transfer, executes a joinder to this Agreement in the form attached as Exhibit A hereto; or

(ii) a Transfer solely to tender into a tender or exchange offer commenced by a third party (for the avoidance of doubt, not in violation of this Agreement) or by the Company; provided, that with respect to an unsolicited tender or exchange offer commenced by a third party, such Transfer shall be permitted only if (A) such tender or exchange offer includes an irrevocable minimum tender condition of no less than a majority of the then-outstanding Company Common Shares and (B) as of the expiration of such offer (x) no shareholder rights plan or analogous "poison pill" of the Company is in effect or (y) the Board of Directors of the Company (the "Board") has affirmatively publicly recommended to the Company's shareholders that such shareholders tender into such offer and has not publicly withdrawn or changed such recommendation.

(c) Notwithstanding anything to the contrary contained herein, the Investor shall not Transfer any Shares:

(i) other than in accordance with all Applicable Laws and the other terms and conditions of this Agreement;

(ii) except in a Permitted Transfer, in one or more transactions in which any Person or Group, to the Investor's knowledge, after giving effect to such Transfer, would Beneficially Own 5% or more of the Total Voting Power or the Total Economic Interest; provided that the restriction in this clause (ii) shall not apply to Transfers effected solely through a bona fide Underwritten Offering pursuant to an exercise of the registration rights provided in this Agreement;

(iii) except in a Permitted Transfer, in each 90-day period following the Restricted Period in an amount for the Investor (together with its Affiliates), in excess of 33 1/3% of the Shares held by the Investor (together with its Affiliates), as applicable, as of immediately following the Merger (the "Volume Limitation"); provided, that the Volume Limitation shall not apply to Transfers effected solely through an offering pursuant to an exercise of the registration rights provided in this Agreement.

(d) With respect to the Investor, any certificates for Shares shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares) referencing restrictions on Transfer of such Shares under the Securities Act and under this Agreement, which legend shall state in substance:

“The securities evidenced by this certificate may not be offered or sold, transferred, pledged, hypothecated or otherwise disposed of except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), (ii) to the extent applicable, pursuant to Rule 144 under the Securities Act (or any similar rule under the Securities Act relating to the disposition of securities), or (iii) pursuant to an available exemption from registration under the Securities Act.

The securities evidenced by this certificate are subject to restrictions on transfer set forth in a Shareholders Agreement dated as of December 7, 2015, among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company).”

(e) Notwithstanding the foregoing subsection (d), the Investor shall be entitled to receive from the Company new certificates for a like number of Shares not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of the Investor (i) at such time as such restrictions are no longer applicable, and (ii) with respect to the restriction on Transfer of such Shares under the Securities Act or any other Applicable Law, unless such Shares are sold pursuant to a registration statement, subject to delivery of an opinion of counsel to the Investor, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other Applicable Law.

1.2 Standstill Provisions.

(a) During the Standstill Period, the Investor shall not, directly or indirectly, shall not permit any of its Controlled Affiliates, directly or indirectly, to, and shall not permit any of its respective Investment Funds, directly or indirectly, to (i) acquire, agree to acquire, propose or offer to acquire, or facilitate the acquisition or ownership of, Voting Securities, or securities of the Company that are convertible, exchangeable or exercisable into Voting Securities, other than (A) as a result of any share split, share dividend or subdivision of Voting Securities or (B) any acquisition of Company Common Shares by any Non-Private Equity Business, (ii) deposit any Voting Securities into a voting trust or similar Contract or subject any Voting Securities to any voting agreement, pooling arrangement or similar arrangement or other Contract (other than the organizational documents of the Investor), or grant any proxy with respect to any Voting Securities (other than to the Company or a Person specified by the Company in a proxy card provided to shareholders of the Company by or on behalf of the Company), (iii) enter, agree to enter, propose or offer to enter into or facilitate any merger, business combination, recapitalization, restructuring, change in control transaction or other similar extraordinary transaction involving the Company or any of its Subsidiaries (unless such transaction is affirmatively publicly recommended by the Board and there has otherwise been no breach of this

Section 1.2 in connection with or relating to such transaction), (iv) make, or in any way participate or engage in, any “solicitation” of “proxies” (as such terms are used in the proxy rules of the Commission) to vote, or advise or knowingly influence any Person with respect to the voting of, any Voting Securities, (v) call, or seek to call, a meeting of the shareholders of the Company or initiate any shareholder proposal for action by shareholders of the Company, (vi) form, join or in any way participate in a Group (other than with its Permitted Transferee that is bound by the restrictions of this Section 1.2(a)), with respect to any Voting Securities, (vii) otherwise act, alone or in concert with others, to seek to Control or influence the management or the policies of the Company, (viii) publicly disclose any intention, plan, arrangement or other Contract prohibited by, or inconsistent with, the foregoing, (ix) advise or assist or knowingly encourage or enter into any discussions, negotiations, agreements, or arrangements or other Contracts with any other Persons in connection with the foregoing, (x) request the Company to amend or waive any provision of this Section 1.2 (including this clause (x)) or (xi) take any action that would reasonably be expected to require the Company to make a public announcement regarding the possibility of a business combination, merger or other type of transaction or matter described in this Section 1.2.

(b) “Standstill Period” shall mean, from the date hereof until the date that is twelve (12) months following the date hereof.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. It has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any Contract or agreement to which it is a party.

(c) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement have been duly authorized by all necessary limited partnership or other analogous action on its part. This Agreement has been duly executed and delivered by the Investor and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors’ rights and to general principles of equity.

(d) The Investor does not Beneficially Own any Voting Securities as of the date hereof, other than any Voting Securities acquired in the Merger.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a public company with limited liability (*naamloze vennootschap*) duly incorporated under the laws of The Netherlands. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) the organizational documents of the Company or (z) any Contract or agreement to which the Company is a party.

(c) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Company is not a party to any agreement or understanding whereby any Person, other than as set forth herein or in the Other Shareholder Agreements, has any registration rights with respect to the Company's securities.

ARTICLE III

REGISTRATION

3.1 Registration Statements.

(a) Subject to the terms and conditions hereof, the Company shall file with the Commission and shall use reasonable best efforts to cause to be declared effective by the Commission upon the expiration of the Restricted Period, a registration statement on Form F-1, Form F-3 or such other form under the Securities Act then available to the Company (the "Shelf Registration Statement"), covering an amount of Registrable Securities requested by the Investor that equals or is greater than the Registrable Amount and providing for the resale by the Investor from time to time on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of any or all of the Registrable Securities then held by the Investor.

(b)

(i) If, from and after the expiration of the Restricted Period, the Company has registered or has determined to register any Company Common Shares for its own account or for the account of other securityholders of the Company on any registration form (other than Form F-4 or S-8) which permits the inclusion of the Registrable Securities, including as a supplement to a Shelf Registration Statement to be filed pursuant to Rule 424(b)(7) under the Securities Act (a “Piggyback Registration”), the Company will give the Investor written notice thereof promptly (but in no event less than ten (10) Business Days prior to the anticipated filing date) and, subject to Section 3.1(b)(i), shall include in such registration all Registrable Securities requested to be included therein pursuant to the written request of the Investor received on or before the second Business Day prior to the anticipated filing date. If a Piggyback Registration is initiated as a primary underwritten offering on behalf of the Company and the lead managing underwriter(s) advise the Company and the Investor that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, the Company shall include in such registration: (i) first, the number of Company Common Shares that the Company proposes to sell; and (ii) second, the number of Company Common Shares requested to be included therein by the Investor and Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree.

(ii) If a Piggyback Registration is initiated as an underwritten offering on behalf of another securityholder of the Company, and the lead managing underwriter(s) advise the Company that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, then the Company shall include in such registration: (i) first, the number of Company Common Shares requested to be included therein by such other securityholder, the Investor and the Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree; and (ii) second, the number of Company Common Shares that the Company proposes to sell.

(iii) If any Piggyback Registration is a primary underwritten offering, the Company shall have the right to select the managing underwriter or underwriters to administer any such offering.

(c) Subject to Section 3.1(d), the Company will use commercially reasonable efforts to keep the Shelf Registration Statement continuously effective until the earlier of (i) three (3) years after the Shelf Registration Statement has been declared effective; (ii) the date on which all Registrable Securities covered by the Shelf Registration Statement have been sold thereunder, or otherwise cease to be Registrable Securities; and (iii) the date on which this agreement terminates pursuant to Section 6.1.

(d) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the Investor, to

require the Investor to suspend sales of Registrable Securities under the Shelf Registration Statement during any Blackout Period. The Investor may recommence effecting sales of the Registrable Securities pursuant to the Shelf Registration Statement (or such filings) following further notice to such effect from the Company, which shall be given by the Company promptly following the expiration of any Blackout Period. After the expiration of any Blackout Period and without any further request from the Investor, the Company to the extent necessary shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Shelf Registration Statement or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(e) At any time that a Shelf Registration Statement is effective, but subject to a limit of two (2) times only, the Investor may deliver a notice (a "Take-Down Notice") to the Company that it intends to sell all or part of its Registrable Securities in an Underwritten Offering (including any Underwritten Offering where the plan of distribution set forth in the applicable Take-Down Notice includes a customary "road show" (including an "electronic road show") or other substantial marketing effort by the Company and the underwriters (a "Marketed Underwritten Shelf Offering")); provided, that the Investor may not deliver a Take-Down Notice prior to six (6) months after the Closing; provided, further, that the Investor may not deliver a Take-Down Notice for a Underwritten Offering or a Marketed Underwritten Shelf Offering unless the Registrable Securities requested to be sold in such offering have an aggregate offering price (based on the last reported sale price per share on the most recent trading day prior to such date on the principal securities exchange or market on which they are traded or, if the Company Common Shares are no longer so traded, the fair value thereof as determined in good faith by the Investor seeking registration of such Registrable Securities) of at least \$500,000,000; provided, further, that if the lead managing underwriter(s) advises the Company and the Investor that, in its reasonable opinion, the inclusion of all of the securities sought to be sold in connection with such offering would adversely affect the success thereof, then the Company shall include in such offering only such securities as the Company is advised by such lead managing underwriter(s) can be sold without such adverse effect as follows and in the following order of priority: (i) first, up to the number of Company Common Shares requested to be included by the Investor in its Take-Down Notice and the Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders, (ii) second, securities the Company proposes to sell and (iii) three, all other securities of the Company duly requested to be included in such offering, pro rata on the basis of the amount of such other securities requested to be included or such other allocation method determined by the Company.

(f) The Company shall not be obligated to effect any Marketed Underwritten Shelf Offering within four (4) months of a prior Marketed Underwritten Shelf Offering. The Company shall be entitled to postpone (upon written notice to the Investor) the filing or the effectiveness of any Underwritten Offering in the event of a Blackout Period until the expiration of the applicable Blackout Period.

(g) The Company and the Investor shall mutually agree upon the selection of all investment banker(s) and manager(s) (who shall be a lender under the Company's credit facilities at the time of such offering) that will serve as managing underwriters (including which such managing underwriters will serve as lead or co-lead) and underwriters with respect to any Marketed Underwritten Shelf Offering.

3.2 Withdrawal Rights. The Investor having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement (subject to the other terms and conditions of this Agreement). No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn, unless such withdrawal shall reduce the number of Registrable Securities sought to be included in any registration below the Registrable Amount.

3.3 Holdback Agreements. In connection with any Underwritten Offering, the Investor agrees to enter into customary "lock-up" agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) to the extent required in writing by the lead managing underwriter(s) with respect to an applicable Underwritten Offering for a period of not more than ninety (90) days after the date of the "final" prospectus (or "final" prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made, plus, if applicable, an extension period, as may be proposed by the lead managing underwriter(s) to address FINRA regulations regarding the publishing of research, or such other period as is required by the lead managing underwriter(s); provided, however, the Investor shall not be subject to a lock-up period longer than the lock-up period to which the officers and directors of the Company are subject.

In the event of any Marketed Underwritten Shelf Offering, the Company will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form F-4, Form S-8 or any comparable or successor forms thereto) for its own account, within sixty (60) days, after the effective date of such registration except as may otherwise be agreed between the Company and the lead managing underwriter(s) of such Marketed Underwritten Shelf Offering.

3.4 Registration Procedures.

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3.1, including the Shelf Registration Statement and a Piggyback Registration, the Company shall as expeditiously as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration in accordance with the intended method or methods of

distribution of such securities and thereafter use commercially reasonable efforts to cause such registration statement to become and remain effective pursuant to the terms of this Article III; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, that before filing such registration statement or any amendments thereto, the Company will furnish to the Investor and the Other Holders (if they are including Company Common Shares in such registration) (“Selling Shareholder”), its counsel and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment of such counsel, and other documents reasonably requested by such counsel, including any comment letter from the Commission, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such registration statement and each prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Company’s books and records, officers, accountants and other advisors;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective pursuant to the terms of this Article III or necessary to facilitate the disposition of the Registrable Securities covered by such registration statement and prospectus (including causing the prospectus contained in such registration statement to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act), and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities, including the Registrable Securities, covered by such registration statement;

(iii) if requested by the lead managing underwriter(s), if any, or the Investor in connection with an Underwritten Offering, promptly include in a prospectus supplement or post-effective amendment, such information as the lead managing underwriter(s), if any, and the Investor may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 3.4(a)(iii) that are not, based on the advice of counsel for the Company, in compliance with Applicable Law;

(iv) furnish to the Selling Shareholder and each underwriter, if any, of the securities being sold by the Selling Shareholder such number of conformed copies of such registration statement and of each amendment and supplement thereto, such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a “Free Writing Prospectus”) utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as the Selling Shareholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the Selling Shareholder;

(v) use commercially reasonable efforts to register or qualify or cooperate with the Selling Shareholder, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or “blue sky” laws of such jurisdictions as the Selling Shareholder and any underwriter of the securities being sold by the Selling Shareholder shall reasonably request, and to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective and take any other action which may be necessary or reasonably advisable to enable the Selling Shareholder and underwriters to consummate the disposition in such jurisdictions of the Registrable Securities owned by the Selling Shareholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (v) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction where it would not otherwise be obligated to do so, but for this clause (v), or (C) file a general consent to service of process in any such jurisdiction;

(vi) use commercially reasonable efforts (including seeking to cure in the Company’s listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed or included;

(vii) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be reasonably necessary to enable the Selling Shareholder to consummate the disposition of such Registrable Securities;

(viii) use commercially reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) use commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act;

(x) use commercially reasonable efforts to make generally available to its stockholders, as soon as reasonably practicable, earnings statements (which need not be audited) covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and use

commercially reasonable efforts to take all such other actions reasonably requested by the Investor in connection therewith (including those reasonably requested by the lead managing underwriter(s), if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Offering (A) make such representations and warranties to the Investor and the underwriters, if any, with respect to the business of the Company and its subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, and, if true, confirm the same if and when requested, (B) if an underwriting agreement has been entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 3.9 hereof with respect to all parties to be indemnified pursuant to said Section except as otherwise agreed by the Selling Shareholder and (C) deliver such documents and certificates as reasonably requested by the Selling Shareholder, its counsel and the lead managing underwriters(s), if any, to evidence the continued validity of the representations and warranties made pursuant to sub-clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(xii) in connection with an Underwritten Offering or otherwise required in connection with the disposition of the Registrable Securities, use commercially reasonable efforts to obtain for the Selling Shareholder and underwriter(s) (A) opinions of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by the Selling Shareholder and underwriters and (B) “comfort” letters and updates thereof (or, in the case of any such Person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72 or any successor accounting standard thereto, an “agreed upon procedures” letter) signed by the independent public accountants who have certified the Company’s financial statements and, to the extent required, any other financial statements included or incorporated by reference in such registration statement, covering the matters customarily covered in “comfort” letters in connection with underwritten offerings;

(xiii) make available for inspection by the Selling Shareholder, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained in connection with such offering by the Selling Shareholder or underwriter (collectively, the “Inspectors”), financial and other records, pertinent corporate documents and instruments of the Company (collectively, the “Records”), as shall be reasonably necessary, or as shall otherwise be reasonably requested, to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney, agent or accountant in connection with such registration statement (in each case subject to the Selling Shareholder and/or Inspectors entering into customary confidentiality agreement on terms and conditions reasonably

acceptable to the Company as may be reasonably requested by the Company); provided, further, that the Selling Shareholder agrees that it will, upon receipt of a written request to disclose such Records from a court of competent jurisdiction or by another Governmental Authority, give notice to the Company and allow the Company, at its expense, to undertake appropriate action seeking to prevent disclosure of the Records deemed confidential;

(xiv) as promptly as practicable notify in writing the Selling Shareholder and the underwriters, if any, of the following events: (A) the filing of the registration statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the Commission or any other U.S. or state governmental authority for amendments or supplements to the registration statement or the prospectus or for additional information; (C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or "blue sky" laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any mutual agreement (including any underwriting agreement) contemplated by Section 3.4(a)(xi) cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, at the request of any Selling Shareholder, promptly prepare and furnish to the Selling Shareholder a reasonable number of copies of a supplement to or an amendment of such registration statement or prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xv) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that, subject to the requirements of Section 3.4(a)(v), the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this

clause (xiii) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction wherein it would not be obligated to do so but for the requirements of this clause (xiii) or (C) file a general consent to service of process in any such jurisdiction;

(xvi) cooperate with the Selling Shareholder and the lead managing underwriter(s) to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under Applicable Law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the lead managing underwriter(s) or the Selling Shareholder may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xvii) cooperate with the Selling Shareholder and each underwriter or agent participating in the disposition of any Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA; and

(xviii) have appropriate officers of the Company prepare and make presentations at a reasonable number of "road shows" and before analysts and rating agencies, as the case may be, and other information meetings reasonably organized by the underwriters and otherwise use commercially reasonable efforts to cooperate as reasonably requested by the Selling Shareholder and the underwriters in the offering, marketing or selling of the Registrable Securities.

(b) The Company may require the Selling Shareholder and each underwriter, if any, to furnish the Company in writing such information regarding the Selling Shareholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such registration statement.

(c) The Selling Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 3.4(a)(xiv), the Selling Shareholder shall forthwith discontinue its disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.4(a)(xiii), or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus; provided, however, that the Company shall extend the time periods under Section 3.1(c) with respect to the length of time that the effectiveness of a registration statement must be maintained by the amount of time the holder is required to discontinue disposition of such securities.

(d) With a view to making available to the Investor the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a registration statement, the Company shall:

(i) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to the Investor so long as it owns Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as the Investor may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

3.5 Registration Expenses. The Company shall pay all fees and expenses incident to the Company's performance of its obligations under this Article III, including (a) all registration and filing fees, including all fees and expenses of compliance with securities and "blue sky" laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities pursuant to Section 3.4(a)(v)) and all fees and expenses associated with filings required to be made with FINRA (including, if applicable, the fees and expenses of any "qualified independent underwriter" as such term is defined in FINRA Rule 5121), (b) all printing (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the Investor) and copying expenses, (c) all messenger, telephone and delivery expenses, (d) expenses of the Company incurred in connection with any "road show", (e) except as provided in this Section 3.5, any fees and disbursements customarily paid in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any registration statement), and (f) all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions). The Investor shall pay the fees and expenses of its own counsel and the Investor's portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of its Registrable Securities pursuant to any registration.

3.6 Information to be Furnished by Investor. Not less than seven (7) Business Days before the expected filing date of each registration statement pursuant to this Agreement, the Company shall notify the Investor (if it has timely provided the requisite notice hereunder entitling it to register Registrable Securities in such registration statement) of the information, documents and instruments from it that the Company or any underwriter reasonably requests in connection with such registration statement, including, if applicable, a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement (the "Requested Information"). If the Company has not received, on or before the second Business Day before the expected filing date, the Requested Information from the Investor, the Company may file the registration statement without including Registrable Securities of the Investor. The failure to so include in any registration statement the Registrable Securities of the Investor (with regard to that registration statement) shall not result in any liability on the part of the Company to the Investor.

3.7 Registration Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by Law, the Selling Shareholder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Selling Shareholder or such other indemnified Person and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter, from and against all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys' fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement (collectively, the "Losses"), as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 3.7(a)) will reimburse the Selling Shareholder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each such Person who controls the Selling Shareholder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each such underwriter and each such Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except that, with respect to a Selling Shareholder, the Company will not be liable to the extent that any such claim, Loss, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use therein.

(b) In connection with any registration statement in which the Selling Shareholder is participating, the Selling Shareholder shall indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 3.7(b)) will reimburse the

Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Selling Shareholder expressly for inclusion in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto. Notwithstanding the foregoing, the Selling Shareholder shall not be liable under this Section 3.7(b) for amounts in excess of the net proceeds received by it in the offering giving rise to such liability.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party and, as a result, a conflict of interest exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) The indemnification provided for under this Agreement shall survive the Transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the Selling Shareholder shall not be required to make a contribution in excess of the net proceeds received by it from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

ARTICLE IV

CONFIDENTIALITY

4.1 Confidentiality. The Investor hereby agrees that all Confidential Information with respect to the Company, its Subsidiaries and its and their businesses, finances and operations shall be kept confidential by it and shall not be disclosed by it in any manner whatsoever, except as expressly permitted by this Section 4.1. Any Confidential Information may be disclosed:

(a) by the Investor (x) to any of its Affiliates (other than any portfolio companies thereof), (y) to its or such Affiliate's respective directors, managers, members, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors thereof) and (z) in the case of any Investor that is a limited partnership, limited liability company or other investment vehicle, to any current or prospective direct or indirect general partner, limited partner, member, equityholder or management company of such Investor or any former direct or indirect general partner, limited partner, member, equityholder or management company which retains an economic interest in such Investor (or any employee, attorney, accountant, consultant, banker or financial advisor or representative of any of the foregoing) (each of the Persons described in clauses (x), (y) and (z),

collectively, for purposes of this Section 4.1 and the definition of Confidential Information, “Representatives”), in each case, solely if and to the extent any Representative needs to be provided such Confidential Information to assist such Investor or its Affiliates in evaluating or reviewing its direct or indirect investment in the Company, including in connection with the disposition thereof, and each Representative of the Investor shall be deemed to be bound by the provisions of this Section 4.1 and such Investor shall be responsible for any breach of this Section 4.1 by any such Representative to the same extent as if such breach had been committed by the Investor; provided, further, that the Investor hereby acknowledges that it is aware, and it will advise its Representatives to whom it provides Confidential Information, that such Confidential Information may include material non-public information and that applicable securities laws impose restrictions on trading securities when in possession of such information and on communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to trade in such securities;

(b) by the Investor or any of its Representatives to the extent the Company consents in writing;

(c) by the Investor or any of its Representatives to a potential Transferee (so long as such Transfer is permitted hereunder); provided, that such Transferee agrees to be bound by the provisions of this Section 4.1 (or a confidentiality agreement with the Company having restrictions substantially similar to (and no less restrictive than) this Section 4.1) and such Investor shall be responsible for any breach of this Section 4.1 (or such confidentiality agreement) by any such potential Transferee to the same extent as if such breach had been committed by the Investor; and

(d) by the Investor or any of its Representatives to the extent that such Investor or Representative has received advice from its counsel that it is legally compelled to do so or is required to do so to comply with Applicable Law or legal process or Governmental Authority request or the rules of any securities exchange on which its securities are listed or the rules and regulations of any SRO; provided, that prior to making such disclosure, such Investor or Representative, as the case may be, uses commercially reasonable efforts to preserve the confidentiality of the Confidential Information to the extent reasonably practicable and permitted by Applicable Law, including, to the extent permitted by Applicable Law, (A) consulting with the Company regarding such disclosure and (B) if requested by the Company, assisting the Company, at the Company’s expense, in seeking a protective order to prevent the requested disclosure; provided, further, that such Investor or Representative, as the case may be, uses reasonable best efforts to disclose only that portion of the Confidential Information as is requested by the applicable Governmental Authority or as is, based on the advice of its counsel, legally required or compelled.

ARTICLE V

DEFINITIONS

5.1 Defined Terms. Capitalized terms when used in this Agreement have the following meanings:

“Affiliate” means, with respect to any Person, an “affiliate” as defined in Rule 405 of the regulations promulgated under the Securities Act and with respect to each Investor, an “affiliate” of such Investor as defined in Rule 405 of the regulations promulgated under the Securities Act and any Investment Fund, investment vehicle or holding company of which such Investor or an Affiliate of such Investor serves as the general partner, managing member or discretionary manager or advisor; provided, however, that notwithstanding the foregoing, an Affiliate of an Investor shall not include (x) any portfolio company of any such Person or of such Investor or any Investment Fund, vehicle or holding company, (y) any limited partners of such Investor, or (z) any of the Other Holders or any of their respective Affiliates.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any Law applicable to such Person, its assets, properties, operations or business.

“Beneficial Owner” or “Beneficially Own” has the meaning assigned to such term in Rule 13d-3 under the Exchange Act, and a Person’s beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such Rule is actually applicable in such circumstance).

“Blackout Period” means (i) any regular quarterly period during which directors and executive officers of the Company are not permitted to trade under the insider trading policy of the Company then in effect, provided, that if the Investor proposes to sell Registrable Securities during such period, the Company shall consider in good faith facilitating such sale during such period, and (ii) in the event that the Company determines in good faith that the registration would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, a period of no more than 30 days in any 90-day period or 90 days in any 365-day period.

“Board” has the meaning set forth in Section 1.1(b)(ii).

“Business Day” means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York or Eindhoven, the Netherlands are authorized or required by Law to be closed.

“Closing” shall have the meaning set forth in the Merger Agreement.

“Closing Date” shall have the meaning set forth in the Merger Agreement.

“Commission” means the Securities and Exchange Commission or any other federal agency administering the Securities Act.

“Company” has the meaning set forth in the preamble.

“Company Common Shares” has the meaning set forth in the recitals.

“Confidential Information” means all information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof) obtained by or on behalf of the Investor or its Representatives from the Company or its Representatives, through the Shares Beneficially Owned or through the rights granted pursuant hereto, other than information which (i) was or becomes generally available to the public other than as a result of a breach of this Agreement by the Investor or such Representatives, (ii) was or becomes available to the Investor or such Representatives on a non-confidential basis from a source other than the Company or its Representatives, provided, that the source thereof is not known by the Investor or such Representatives to be bound by an obligation of confidentiality to the Company, or (iii) is independently developed by the Investor or such Representatives without the use of or reference to any such information that would otherwise be Confidential Information hereunder. Subject to clauses (i)-(iii) above, Confidential Information also includes all non-public information previously provided by the Company or its Representatives to the Investor or its Representatives pursuant to the Confidentiality Agreement, including all information, documents and reports referred to thereunder, or otherwise.

“Confidentiality Agreement” means the letter agreement, dated as of December 22, 2014, between Freescale and the Company and any amendments thereto or side letters entered into in connection therewith.

“Contract” means any contract, lease, license, indenture, loan, note, agreement or other legally binding commitment, arrangement or undertaking (whether written or oral and whether express or implied).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Controlled Affiliate” means any Affiliate of the specified Person that is, directly or indirectly, Controlled by the specified Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Freescale” has the meaning set forth in the recitals.

“FINRA” means the Financial Industry Regulatory Authority.

“Free Writing Prospectus” has the meaning set forth in Section 3.4(a)(iv).

“Governmental Authority” means any federal, national, state, local, cantonal, municipal, international or multinational government or political subdivision thereof, governmental department, commission, board, bureau, agency, taxing or regulatory authority, instrumentality or judicial or administrative body, or arbitrator or SRO, having jurisdiction over the matter or matters in question.

“Group” has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

“Inspectors” has the meaning set forth in Section 3.4(a)(xiii).

“Investment Fund” means, with respect to a Sponsor, any investment fund, investment vehicle or other account that is, directly or indirectly, managed or advised by such Sponsor or any of its Controlled Affiliates.

“Investor” has the meaning set forth in the preamble.

“Law” has the meaning set forth in the Merger Agreement.

“Losses” has the meaning set forth in Section 3.7(a).

“Marketed Underwritten Shelf Offering” has the meaning set forth in Section 3.1(e).

“Merger” has the meaning set forth in the recitals.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“Non-Liable Person” has the meaning set forth in Section 6.12.

“Non-Private Equity Business” means, with any business or investment of the Investor and its Affiliates distinct from the private equity business of the Investor and its Affiliates; provided, that such business or investment shall not be deemed to be distinct from such private equity business if and at such time that (i) any Confidential Information is made available to investment professionals of the Investor and its Affiliates who are not involved in the private equity business and who are involved in such other business or investment or (ii) the Investor and its Affiliates instructs or encourages any such business or investment to take any action that would violate any provision of this Agreement that would be applicable to such business or investment were it to be deemed to be the Investor hereunder.

“Other Holder” means any Person that has registration rights under any Other Shareholder Agreement.

“Other Shareholder Agreements” mean the shareholders agreements (other than this Agreement) entered into at the closing of the Merger with certain former equityholders of Freescale Holdings L.P. in accordance with the Merger Agreement.

“Permitted Transferee” means, with respect to any Person, any Affiliate of such Person.

“Permitted Transfers” has the meaning set forth in Section 1.1(b).

“Person” has the meaning set forth in the Merger Agreement.

“Piggyback Registration” has the meaning set forth in Section 3.1(b)(i).

“Prospectus” means the prospectus included in any Shelf Registration Statement or a Piggyback Registration (including a prospectus that discloses information previously omitted

from a prospectus filed as part of an effective Shelf Registration Statement or Piggyback Registration in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement or any issuer free writing prospectus (as defined in Rule 433 under the Securities Act), with respect to the offering of any portion of the Registrable Securities covered by such Shelf Registration Statement or Piggyback Registration, and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

“Records” has the meaning set forth in Section 3.4(a)(xiii).

“Registrable Amount” means an amount of Registrable Securities having an aggregate offering price of at least \$500,000,000 (based on the last reported sale price per share on the most recent trading day prior to such date on the principal securities exchange or market on which they are traded or, if the Company Common Shares are no longer so traded, the fair value thereof as determined in good faith by the Investor seeking registration of such Registrable Securities), without regard to any underwriting discount or commission, or such lesser amount of Registrable Securities as would result in the disposition of all of the Registrable Securities Beneficially Owned by the Investor.

“Registrable Securities” means, with respect to the Investor, (1) the Shares issued in connection with the Merger, and (2) any additional securities issued or issuable as a dividend or distribution or in exchange for, or in respect of such Shares; provided, that any such Shares shall cease to be Registrable Securities when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they are sold pursuant to Rule 144 under the Securities Act or (iii) they shall have ceased to be outstanding.

“Representatives” has the meaning set forth in Section 5.1(a).

“Requested Information” has the meaning set forth in Section 3.6.

“Restricted Period” has the meaning set forth in Section 1.1(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Selling Shareholder” has the meaning set forth in Section 3.4(a)(i).

“Shares” has the meaning set forth in the recitals.

“Shelf Registration Statement” has the meaning set forth in Section 3.1(a).

“SRO” means (i) any “self regulatory organization” as defined in Section 3(a)(26) of the Exchange Act, (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market, or (iii) any other securities exchange.

“Standstill Period” has the meaning set forth in Section 1.2(b).

“Subsidiary” shall have the meaning set forth in the Merger Agreement.

“Take-Down Notice” has the meaning set forth in Section 3.1(e).

“Total Economic Interest” means, as of any date of determination, the total economic interests of all Voting Securities then outstanding. The percentage of the Total Economic Interest Beneficially Owned by any Person as of any date of determination is the percentage of the Total Economic Interest then Beneficially Owned by such Person, including pursuant to any swaps or any other agreements, transactions or series of transactions, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise.

“Total Voting Power” means, as of any date of determination, the total number of votes that may be cast in the election of directors of the Company if all Voting Securities then outstanding were present and voted at a meeting held for such purpose. The percentage of the Total Voting Power Beneficially Owned by any Person as of any date of determination is the percentage of the Total Voting Power of the Company that is represented by the total number of votes that may be cast in the election of directors of the Company by Voting Securities then Beneficially Owned by such Person.

“Transfer” means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any Contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or (ii) in respect of any capital stock or interest in any capital stock, to enter into any swap or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock or interest in capital stock, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise. “Transferor” means a Person that Transfers or proposes to Transfer; and “Transferee” means a Person to whom a Transfer is made or is proposed to be made.

“Underwritten Offering” means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

“Volume Limitation” has the meaning set forth in Section 1.1(c)(iii).

“Voting Securities” means Company Common Shares and any other securities of the Company entitled to vote generally in the election of directors of the Company.

5.2 Interpretation. Whenever used: the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, and the words “hereof” and “herein” and similar words shall be construed as references to this Agreement as a whole and not limited to the particular Article, Section, Annex, Exhibit or Schedule in which the reference appears. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Annexes, Exhibits and Schedules mean the Articles, Sections and Annexes of, and Exhibits and Schedules attached to, this Agreement; (y) to an agreement, instrument or other document means

such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. References to "\$" or "dollars" means United States dollars. Any reference in this Agreement to any gender shall include all genders. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The Annexes, Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The headings of the Articles and Sections are for convenience of reference only and do not affect the interpretation of any of the provisions hereof. If, and as often as, there is any change in the outstanding Company Common Shares by reason of share dividends, splits, reverse splits, spin-offs, split-ups, mergers, reclassifications, reorganizations, recapitalizations, combinations or exchanges of shares and the like, appropriate adjustment shall be made in the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the rights and obligations set forth herein that continue to be applicable on the date of such change. No rule of construction against the draftsperson shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

ARTICLE VI

MISCELLANEOUS

6.1 Term. This Agreement shall automatically terminate upon the date that the Investor Beneficially Owns less than 5% of the Shares Beneficially Owned by the Investor as of immediately following the Closing (as defined in the Merger Agreement). If this Agreement is terminated pursuant to this Section 6.1, this Agreement shall immediately then be terminated and of no further force and effect, except for the provisions set forth in this Article VI, which shall survive in accordance with their terms. Notwithstanding anything to the contrary in this Agreement, Section 4.1 shall terminate upon the sixth month anniversary of the Closing.

6.2 Notices. All notices, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by hand delivery, by prepaid overnight courier (providing written proof of delivery), by confirmed e-mail transmission or by certified or registered mail (return receipt requested and first class postage prepaid), addressed as follows:

(i) if to the Company, to:

Name: NXP Semiconductors N.V.
Address: General Counsel
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Email: guido.dierick@nxp.com
Attention: Guido Dierick

with a copy to (which shall not be considered notice):

Name: Simpson Thacher & Bartlett LLP
Address: 425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Email: ghorowitz@stblaw.com
ecooper@stblaw.com
Attention: Gary Horowitz
Elizabeth Cooper

(ii) if to the Investor, to:

Name: The Blackstone Group L.P.
Address: 345 Park Avenue
New York, NY 10154
Fax: (212) 583-5692
(646) 253-8902
Email: laxcon.chan@blackstone.com
blank@blackstone.com
Attention: Laxcon Chan
Greg Blank

with a copy to (which shall not be considered notice):

Name: Skadden, Arps, Slate, Meagher & Flom LLP
Address: Four Times Square
New York, New York 10036
Fax: (212) 735-2000
Email: Kenton.King@skadden.com
Allison.Schneirov@skadden.com
Amr.Razzak@skadden.com
Attention: Kenton J. King
Allison R. Schneirov
Amr Razzak

or to such other address (i.e., e-mail address) for a party as shall be specified in a notice given in accordance with this Section 6.2; provided that any notice received by email transmission or otherwise at the addressee's location on any Business Day after 5:00 P.M. (addressee's local time) shall be deemed to have been received at 9:00 A.M. (addressee's local time) on the next Business Day; provided, further that notice of any change to the address or any of the other details specified in or pursuant to this Section 6.2 shall not be deemed to have been received until, and shall be deemed to have been received upon, the later of the date specified in such notice or the date that is five (5) Business Days after such notice would otherwise be deemed to have been received pursuant to this Section 6.2.

6.3 Amendments and Waivers. Each of the parties hereto agrees that no provision of this Agreement may be amended or modified unless such amendment or modification is in writing and signed by all parties hereto. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

6.4 Successors and Assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, provided that any proposed assignment by the Investor of any of its rights herein to any party other than to an Affiliate of the Investor may be granted or withheld in the Company's sole and absolute discretion, it being understood that it is the intention of the parties hereto that the rights afforded to the Investor are personal to the Investor and are not transferable except as expressly provided herein. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Any attempted assignment in violation of this Section 6.4 shall be void.

6.5 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by Applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement), together with the Confidentiality Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement.

6.8 Governing Law; Jurisdiction. This Agreement and all litigation, claims, actions, suits, hearings or proceedings (whether civil, criminal or administrative and whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement, any of the transactions contemplated by this Agreement or the actions of the Company or the Investor in the negotiation, administration, performance and enforcement hereof or thereof, shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice or conflict of Laws provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York. Each of the parties hereto hereby (a) expressly and

irrevocably submits to the exclusive personal jurisdiction of any United States federal court located in the Southern District of the State of New York or any New York state court located in Manhattan in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts as described in (a) above; provided that each of the parties shall have the right to bring any action or proceeding for enforcement of a judgment entered by any United States federal court located in the State of New York or any New York state court in any other court or jurisdiction. Each party irrevocably consents to the service of process outside the territorial jurisdiction of the courts referred to herein in any such action or proceeding in connection with this Agreement or the transactions contemplated hereby by mailing copies thereof by registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 6.2. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

6.9 WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. EACH OF THE PARTIES HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.10.

6.10 Specific Performance. The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder will cause irreparable injury to the non-breaching parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the granting of injunctive relief by any court of competent jurisdiction to prevent breaches of this Agreement, to enforce specifically the terms and provisions hereof and to compel performance of such party's obligations, this being in addition to any other remedy to which any party is entitled under this Agreement. The parties further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy, and that such remedy shall be in addition to any other remedy to which a party is entitled at law or in equity.

6.11 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and each such party's respective heirs, successors and permitted assigns; provided, that the Persons indemnified under Section 3.9 are intended third party beneficiaries of Section 3.9, and Non-Liable Persons are intended third party beneficiaries of Section 6.12.

6.12 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that any party hereto may be a partnership or limited liability company, each party hereto, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the named parties hereto shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or in respect of any oral representations made or alleged to be made in connection herewith or therewith shall be had against, any former, current or future director, officer, agent, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative or employee of any Investor (or any of their heirs, successors or permitted assigns), or against any former, current or future director, officer, agent, employee, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative, general or limited partner, shareholder, manager or member of any of the foregoing Persons, but in each case not including the named parties hereto (each, a "Non-Liable Person"), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such party against any Non-Liable Person, by the enforcement of any assignment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person, as such, for any obligations of the applicable party under this Agreement or the transactions contemplated hereby, in respect of any oral representations made or alleged to have been made in connection herewith or therewith or for any claim (whether in tort, contract or otherwise) based on, in respect of or by reason of, such obligations or their creation.

6.13 Scope of Agreement. Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Agreement shall in any way limit the activities of The Blackstone Group L.P. and its affiliates in their businesses distinct from the private equity business of The Blackstone Group L.P., provided that the Confidential Information is not made available to Representatives of The Blackstone Group L.P. and its affiliates who are not involved in the private equity business of The Blackstone Group L.P. Should any Confidential Information be made available to a Representative of The Blackstone Group L.P. and its affiliates who is not involved in the private equity business of The Blackstone Group L.P., such Representative shall be bound by this Agreement in accordance with its terms. In addition, none of the provisions of this Agreement shall in any way apply to any portfolio company of an affiliate of The Blackstone Group L.P., provided, however, that should the Confidential Information be made available to a Representative of any portfolio company of an affiliate of The Blackstone Group L.P., such Representative shall be bound by this Agreement in accordance with its terms.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

NXP Semiconductors N.V.

By: /s/ Guido Dierick

Name: Guido Dierick

Title: Executive Vice President and General Counsel

BLACKSTONE CAPITAL PARTNERS (CAYMAN) V L.P.

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

BLACKSTONE CAPITAL PARTNERS (CAYMAN) V-A L.P.

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

BCP (CAYMAN) V-S L.P.

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

BCP V CO-INVESTORS (CAYMAN) L.P.

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

**BLACKSTONE FIRESTONE TRANSACTION PARTICIPATION
PARTNERS (CAYMAN) L.P.**

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

**BLACKSTONE FIRESTONE PRINCIPAL TRANSACTION
PARTNERS (CAYMAN) L.P.**

By: Blackstone Management Associates (Cayman) V L.P., its
general partner

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP
(CAYMAN) V L.P.**

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

**BLACKSTONE FAMILY INVESTMENT PARTNERSHIP
(CAYMAN) V-SMD L.P.**

By: Blackstone Family GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

**BLACKSTONE PARTICIPATION PARTNERSHIP (CAYMAN) V
L.P.**

By: BCP V GP L.L.C., its general partner

By: /s/ Chinh Chu

Name: Chinh Chu

Title: Senior Managing Director

EXHIBIT A

FORM OF JOINDER

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain NXP Semiconductors N.V. Shareholders Agreement, dated as of December 7, 2015 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Shareholders Agreement") by and among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven, the shareholder of the Company whose name appears on the signature pages thereto (the "Investor"), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

By executing and delivering this Joinder Agreement to the Shareholders Agreement, the undersigned hereby adopts and approves the Shareholders Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming the Transferee of Shares, to become a party to, and to be bound by and comply with the provisions of, the Shareholders Agreement applicable to the Investor, in the same manner as if the undersigned were an original signatory to the Shareholders Agreement.

The undersigned hereby represents and warrants that, pursuant to this Joinder Agreement and the Shareholders Agreement, it is a Permitted Transferee of the Investor and will be the lawful Beneficial Owner of [●] Shares as of the date hereof.

The undersigned acknowledges and agrees that Section 6.2 through Section 6.12 of the Shareholders Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature page follows]

Accordingly, the undersigned have executed and delivered this Joinder Agreement as of the day of , .

TRANSFeree

Print Name:

Address:

Telephone:

Facsimile:

Email:

NXP SEMICONDUCTORS N.V. SHAREHOLDERS AGREEMENT

Dated as of December 7, 2015

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Exhibits

Exhibit A Form of Joinder

SHAREHOLDERS AGREEMENT, dated as of December 7, 2015, (this "Agreement"), among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven (the "Company"), and the shareholders of the Company whose names appear on the signature pages hereto (such shareholders, together with any Permitted Transferee of such shareholders who becomes a party pursuant to Section 1.1 hereof, collectively, the "Investor").

W I T N E S S E T H:

WHEREAS, pursuant to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of March 1, 2015, by and among the Company, Freescale Semiconductor, Ltd., a Bermuda exempted company ("Freescale"), and Nimble Acquisition Limited, a Bermuda exempted company and a wholly owned subsidiary of the Company ("Merger Sub"), Merger Sub merged with and into Freescale (the "Merger"), and Freescale has continued as the surviving company and a wholly owned indirect subsidiary of the Company, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, each common share of Freescale, \$0.01 par value, issued and outstanding immediately prior to the Effective Time (other certain such shares as set forth in the Merger Agreement) shall be converted into one common share, par value \$0.01 per share of the surviving corporation following the Merger (a "Surviving Corporation Share"), and each of the resulting Surviving Corporation Shares shall automatically be exchanged for (subject to the terms and conditions in the Merger Agreement) the right to receive (i) 0.3521 of a duly authorized, validly issued and fully paid ordinary share (*gewoon aandeel*) of Parent, par value EUR 0.20 per share (a "Company Common Share"), and (ii) \$6.25 in cash, without interest, on the terms and subject to the conditions set forth in the Merger Agreement;

WHEREAS, pursuant to and subject to the terms and conditions of the Merger Agreement, in connection with the Merger, the shareholders of the Company whose names appear on the signature pages hereto received Company Common Shares (the "Shares") representing, in the aggregate, approximately 2.83% of the outstanding Company Common Shares, after giving effect to the issuance of Company Common Shares in the Merger; and

WHEREAS, each of the parties hereto wishes to set forth in this Agreement certain terms and conditions regarding the Investor's ownership of the Shares and to establish certain rights, restrictions and obligations of the Investor with respect to the Shares.

NOW, THEREFORE, in consideration of the mutual covenants, representations, warranties and agreements contained in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE I

TRANSFERS

1.1 Transfer Restrictions.

(a) Other than solely in the case of Permitted Transfers, the Investor shall not Transfer any Shares prior to the date that is three (3) months after the Closing (such period, the "Restricted Period").

(b) "Permitted Transfers" mean, in each case, so long as such Transfer is in accordance with Applicable Law:

(i) a Transfer to a Permitted Transferee of the Investor, so long as such Permitted Transferee, in connection with such Transfer, executes a joinder to this Agreement in the form attached as Exhibit A hereto; or

(ii) a Transfer solely to tender into a tender or exchange offer commenced by a third party (for the avoidance of doubt, not in violation of this Agreement) or by the Company; provided, that with respect to an unsolicited tender or exchange offer commenced by a third party, such Transfer shall be permitted only if (A) such tender or exchange offer includes an irrevocable minimum tender condition of no less than a majority of the then-outstanding Company Common Shares and (B) as of the expiration of such offer (x) no shareholder rights plan or analogous "poison pill" of the Company is in effect or (y) the Board of Directors of the Company (the "Board") has affirmatively publicly recommended to the Company's shareholders that such shareholders tender into such offer and has not publicly withdrawn or changed such recommendation.

(c) Notwithstanding anything to the contrary contained herein, the Investor shall not Transfer any Shares:

(i) other than in accordance with all Applicable Laws and the other terms and conditions of this Agreement;

(ii) except in a Permitted Transfer, in one or more transactions in which any Person or Group, to the Investor's knowledge, after giving effect to such Transfer, would Beneficially Own 5% or more of the Total Voting Power or the Total Economic Interest; provided that the restriction in this clause (ii) shall not apply to Transfers effected solely through a bona fide Underwritten Offering pursuant to an exercise of the registration rights provided in this Agreement;

(iii) except in a Permitted Transfer, in each 90-day period following the Restricted Period in an amount for the Investor (together with its Affiliates), in excess of 33 1/3% of the Shares held by the Investor (together with its Affiliates), as applicable, as of immediately following the Merger (the "Volume Limitation"); provided, that the Volume Limitation shall not apply to Transfers effected solely through an offering pursuant to an exercise of the registration rights provided in this Agreement.

(d) With respect to the Investor, any certificates for Shares shall bear a legend or legends (and appropriate comparable notations or other arrangements will be made with respect to any uncertificated shares) referencing restrictions on Transfer of such Shares under the Securities Act and under this Agreement, which legend shall state in substance:

“The securities evidenced by this certificate may not be offered or sold, transferred, pledged, hypothecated or otherwise disposed of except (i) pursuant to an effective registration statement under the Securities Act of 1933, as amended (the “Securities Act”), (ii) to the extent applicable, pursuant to Rule 144 under the Securities Act (or any similar rule under the Securities Act relating to the disposition of securities), or (iii) pursuant to an available exemption from registration under the Securities Act.

The securities evidenced by this certificate are subject to restrictions on transfer set forth in a Shareholders Agreement dated as of December 7, 2015, among the Company and certain other parties thereto (a copy of which is on file with the Secretary of the Company).”

(e) Notwithstanding the foregoing subsection (d), the Investor shall be entitled to receive from the Company new certificates for a like number of Shares not bearing such legend (or the elimination or termination of such notations or arrangements) upon the request of the Investor (i) at such time as such restrictions are no longer applicable, and (ii) with respect to the restriction on Transfer of such Shares under the Securities Act or any other Applicable Law, unless such Shares are sold pursuant to a registration statement, subject to delivery of an opinion of counsel to the Investor, which opinion is reasonably satisfactory in form and substance to the Company and its counsel, that the restriction referenced in such legend (or such notations or arrangements) is no longer required in order to ensure compliance with the Securities Act or any such other Applicable Law.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Investor. The Investor hereby represents and warrants to the Company as follows:

(a) The Investor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. It has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) its organizational documents or (z) any Contract or agreement to which it is a party.

(c) The execution and delivery by the Investor of this Agreement and the performance by it of its obligations under this Agreement have been duly authorized by all necessary limited partnership or other analogous action on its part. This Agreement has been duly executed and delivered by the Investor and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of it, enforceable against it in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Investor does not Beneficially Own any Voting Securities as of the date hereof, other than any Voting Securities acquired in the Merger.

2.2 Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor as follows:

(a) The Company is a public company with limited liability (*naamloze vennootschap*) duly incorporated under the laws of The Netherlands. The Company has all requisite power and authority to execute and deliver this Agreement and to perform its obligations under this Agreement.

(b) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement do not and will not conflict with or violate any provision of, or require the consent or approval of any Person (except for any such consents or approvals which have been obtained) under, (x) Applicable Law, (y) the organizational documents of the Company or (z) any Contract or agreement to which the Company is a party.

(c) The execution and delivery by the Company of this Agreement and the performance of the obligations of the Company under this Agreement have been duly authorized by all necessary corporate action on the part of the Company. This Agreement has been duly executed and delivered by the Company and, assuming the due authorization, execution and delivery by the other parties hereto, constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, subject to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general principles of equity.

(d) The Company is not a party to any agreement or understanding whereby any Person, other than as set forth herein or in the Other Shareholder Agreements, has any registration rights with respect to the Company's securities.

REGISTRATION

3.1 Registration Statement.

(a)

(i) If, from and after the expiration of the Restricted Period, the Company has registered or has determined to register any Company Common Shares for its own account or for the account of other securityholders of the Company, including the Blackstone Investor, on any registration form (other than Form F-4 or S-8) which permits the inclusion of the Registrable Securities, including as a supplement to a Shelf Registration Statement to be filed pursuant to Rule 424(b)(7) under the Securities Act (a "Piggyback Registration"), the Company will give the Investor written notice thereof promptly (but in no event less than ten (10) Business Days prior to the anticipated filing date) and, subject to Section 3.1(a)(i), shall include in such registration all Registrable Securities requested to be included therein pursuant to the written request of the Investor received on or before the second Business Day prior to the anticipated filing date. If a Piggyback Registration is initiated as a primary underwritten offering on behalf of the Company and the lead managing underwriter(s) advise the Company and the Investor that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, the Company shall include in such registration: (i) first, the number of Company Common Shares that the Company proposes to sell; and (ii) second, the number of Company Common Shares requested to be included therein by the Investor and Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree.

(ii) If a Piggyback Registration is initiated as an underwritten offering on behalf of another securityholder of the Company, including the Blackstone Investor, and the lead managing underwriter(s) advise the Company that, in its reasonable opinion, the inclusion of all of the Company Common Shares proposed to be included in such registration would adversely affect the success of such offering, then the Company shall include in such registration: (i) first, the number of Company Common Shares requested to be included therein by such other securityholder, the Investor and the Other Holders, pro rata among all such holders on the basis of the number of Company Common Shares requested to be included therein by all such holders or as such holders and the Company may otherwise agree; and (ii) second, the number of Company Common Shares that the Company proposes to sell.

(iii) If any Piggyback Registration is a primary underwritten offering, the Company shall have the right to select the managing underwriter or underwriters to administer any such offering.

(b) Notwithstanding anything to the contrary contained in this Agreement, the Company shall be entitled, from time to time, by providing written notice to the Investor, to require the Investor to suspend sales of Registrable Securities under a Piggyback Registration during any Blackout Period. The Investor may recommence effecting sales of the Registrable Securities pursuant to a Piggyback Registration (or such filings) following further notice to such effect from the Company, which shall be given by the Company promptly following the expiration of any Blackout Period. After the expiration of any Blackout Period and without any further request from the Investor, the Company to the extent necessary shall as promptly as reasonably practicable prepare a post-effective amendment or supplement to the Piggyback Registration or the Prospectus, or any document incorporated therein by reference, or file any other required document so that, as thereafter delivered to purchasers of the Registrable Securities included therein, the Prospectus will not include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

3.2 Withdrawal Rights. The Investor having notified or directed the Company to include any or all of its Registrable Securities in a registration statement under the Securities Act shall have the right to withdraw any such notice or direction with respect to any or all of the Registrable Securities designated by it for registration by giving written notice to such effect to the Company prior to the effective date of such registration statement. In the event of any such withdrawal, the Company shall not include such Registrable Securities in the applicable registration and such Registrable Securities shall continue to be Registrable Securities for all purposes of this Agreement (subject to the other terms and conditions of this Agreement). No such withdrawal shall affect the obligations of the Company with respect to the Registrable Securities not so withdrawn.

3.3 Holdback Agreements. In connection with any Underwritten Offering, the Investor agrees to enter into customary “lock-up” agreements restricting the public sale or distribution of equity securities of the Company (including sales pursuant to Rule 144 under the Securities Act) to the extent required in writing by the lead managing underwriter(s) with respect to an applicable Underwritten Offering for a period of not more than ninety (90) days after the date of the “final” prospectus (or “final” prospectus supplement if the Underwritten Offering is made pursuant to a Shelf Registration Statement), pursuant to which such Underwritten Offering shall be made, plus, if applicable, an extension period, as may be proposed by the lead managing underwriter(s) to address FINRA regulations regarding the publishing of research, or such other period as is required by the lead managing underwriter(s); provided, however, the Investor shall not be subject to a lock-up period longer than the lock-up period to which the officers and directors of the Company are subject.

In the event of any Marketed Underwritten Shelf Offering, the Company will not effect any public sale or distribution of any common equity (or securities convertible into or exchangeable or exercisable for common equity) (other than a registration statement on Form F-4, Form S-8 or any comparable or successor forms thereto) for its own account, within sixty (60) days, after the effective date of such registration except as may otherwise be agreed between the Company and the lead managing underwriter(s) of such Marketed Underwritten Shelf Offering.

3.4 Registration Procedures.

(a) If and whenever the Company is required to use commercially reasonable efforts to effect the registration of any Registrable Securities under the Securities Act as provided in Section 3.1, including the Shelf Registration Statement and a Piggyback Registration, the Company shall as expeditiously as reasonably practicable:

(i) prepare and file with the Commission a registration statement to effect such registration in accordance with the intended method or methods of distribution of such securities and thereafter use commercially reasonable efforts to cause such registration statement to become and remain effective pursuant to the terms of this Article III; provided, however, that the Company may discontinue any registration of its securities which are not Registrable Securities at any time prior to the effective date of the registration statement relating thereto; provided, further, that before filing such registration statement or any amendments thereto, the Company will furnish to the Investor and the Other Holders (if they are including Company Common Shares in such registration) ("Selling Shareholder"), its counsel and the lead managing underwriter(s), if any, copies of all such documents proposed to be filed, which documents will be subject to the review and reasonable comment of such counsel, and other documents reasonably requested by such counsel, including any comment letter from the Commission, and, if requested by such counsel, provide such counsel reasonable opportunity to participate in the preparation of such registration statement and each prospectus included therein and such other opportunities to conduct a reasonable investigation within the meaning of the Securities Act, including reasonable access to the Company's books and records, officers, accountants and other advisors;

(ii) prepare and file with the Commission such amendments and supplements to such registration statement and the prospectus used in connection therewith as may be necessary to keep such registration statement effective pursuant to the terms of this Article III or necessary to facilitate the disposition of the Registrable Securities covered by such registration statement and prospectus (including causing the prospectus contained in such registration statement to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act), and comply in all material respects with the provisions of the Securities Act with respect to the disposition of all securities, including the Registrable Securities, covered by such registration statement;

(iii) if requested by the lead managing underwriter(s), if any, or the Investor in connection with an Underwritten Offering, promptly include in a prospectus supplement or post-effective amendment, such information as the lead managing underwriter(s), if any, and the Investor may reasonably request in order to permit the intended method of distribution of such securities and make all required filings of such prospectus supplement or such post-effective amendment as soon as reasonably practicable after the Company has received such request; provided, however, that the Company shall not be required to take any actions under this Section 3.4(a)(iii) that are not, based on the advice of counsel for the Company, in compliance with Applicable Law;

(iv) furnish to the Selling Shareholder and each underwriter, if any, of the securities being sold by the Selling Shareholder such number of conformed copies of such registration statement and of each amendment and supplement thereto, such number of copies of the prospectus contained in such registration statement (including each preliminary prospectus and any summary prospectus) and each free writing prospectus (as defined in Rule 405 of the Securities Act) (a "Free Writing Prospectus") utilized in connection therewith and any other prospectus filed under Rule 424 under the Securities Act, in conformity with the requirements of the Securities Act, and such other documents as the Selling Shareholder and underwriter, if any, may reasonably request in order to facilitate the public sale or other disposition of the Registrable Securities owned by the Selling Shareholder;

(v) use commercially reasonable efforts to register or qualify or cooperate with the Selling Shareholder, the underwriters, if any, and their respective counsel in connection with the registration or qualification (or exemption from such registration or qualification) of such Registrable Securities covered by such registration statement under such other securities laws or "blue sky" laws of such jurisdictions as the Selling Shareholder and any underwriter of the securities being sold by the Selling Shareholder shall reasonably request, and to keep each such registration or qualification (or exemption therefrom) effective during the period such registration statement is required to be kept effective and take any other action which may be necessary or reasonably advisable to enable the Selling Shareholder and underwriters to consummate the disposition in such jurisdictions of the Registrable Securities owned by the Selling Shareholder, except that the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (v) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction where it would not otherwise be obligated to do so, but for this clause (v), or (C) file a general consent to service of process in any such jurisdiction;

(vi) use commercially reasonable efforts (including seeking to cure in the Company's listing or inclusion application any deficiencies cited by the exchange or market) to list or include all Registrable Securities on each securities exchange on which similar securities issued by the Company are then listed or included;

(vii) use commercially reasonable efforts to cause such Registrable Securities covered by such registration statement to be registered with or approved by such other governmental agencies or authorities as may be reasonably necessary to enable the Selling Shareholder to consummate the disposition of such Registrable Securities;

(viii) use commercially reasonable efforts to provide and cause to be maintained a transfer agent and registrar for all Registrable Securities covered by such registration statement from and after a date not later than the effective date of such registration statement;

(ix) use commercially reasonable efforts to prepare and file in a timely manner all documents and reports required by the Exchange Act;

(x) use commercially reasonable efforts to make generally available to its stockholders, as soon as reasonably practicable, earnings statements (which need not be audited) covering at least 12 months that satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder;

(xi) enter into such agreements (including an underwriting agreement in form, scope and substance as is customary in underwritten offerings) and use commercially reasonable efforts to take all such other actions reasonably requested by the Investor in connection therewith (including those reasonably requested by the lead managing underwriter(s), if any) to expedite or facilitate the disposition of such Registrable Securities, and in such connection, whether or not an underwriting agreement is entered into and whether or not the registration is an Underwritten Offering (A) make such representations and warranties to the Investor and the underwriters, if any, with respect to the business of the Company and its subsidiaries, and the registration statement, prospectus and documents, if any, incorporated or deemed to be incorporated by reference therein, in each case, in form, substance and scope as are customarily made by issuers in underwritten offerings, and, if true, confirm the same if and when requested, (B) if an underwriting agreement has been entered into, the same shall contain indemnification provisions and procedures substantially to the effect set forth in Section 3.9 hereof with respect to all parties to be indemnified pursuant to said Section except as otherwise agreed by the Selling Shareholder and (C) deliver such documents and certificates as reasonably requested by the Selling Shareholder, its counsel and the lead managing underwriters(s), if any, to evidence the continued validity of the representations and warranties made pursuant to sub-clause (A) above and to evidence compliance with any customary conditions contained in the underwriting agreement or other agreement entered into by the Company. The above shall be done at each closing under such underwriting or similar agreement, or as and to the extent required thereunder;

(xii) in connection with an Underwritten Offering or otherwise required in connection with the disposition of the Registrable Securities, use commercially reasonable efforts to obtain for the Selling Shareholder and underwriter(s) (A) opinions of counsel for the Company, covering the matters customarily covered in opinions requested in underwritten offerings and such other matters as may be reasonably requested by the Selling Shareholder and underwriters and (B) “comfort” letters and updates thereof (or, in the case of any such Person which does not satisfy the conditions for receipt of a “comfort” letter specified in Statement on Auditing Standards No. 72 or any successor accounting standard thereto, an “agreed upon procedures” letter) signed by the independent public accountants who have certified the Company’s financial statements and, to the extent required, any other financial statements included or incorporated by reference in such registration statement, covering the matters customarily covered in “comfort” letters in connection with underwritten offerings;

(xiii) make available for inspection by the Selling Shareholder, any underwriter participating in any disposition pursuant to any registration statement, and any attorney, accountant or other agent or representative retained in connection with such offering by the Selling Shareholder or underwriter (collectively, the “Inspectors”), financial and other records, pertinent corporate documents and instruments of the

Company (collectively, the “Records”), as shall be reasonably necessary, or as shall otherwise be reasonably requested, to enable them to exercise their due diligence responsibility, and cause the officers, directors and employees of the Company and its subsidiaries to supply all information in each case reasonably requested by any such representative, underwriter, attorney, agent or accountant in connection with such registration statement (in each case subject to the Selling Shareholder and/or Inspectors entering into customary confidentiality agreement on terms and conditions reasonably acceptable to the Company as may be reasonably requested by the Company); provided, further, that the Selling Shareholder agrees that it will, upon receipt of a written request to disclose such Records from a court of competent jurisdiction or by another Governmental Authority, give notice to the Company and allow the Company, at its expense, to undertake appropriate action seeking to prevent disclosure of the Records deemed confidential;

(xiv) as promptly as practicable notify in writing the Selling Shareholder and the underwriters, if any, of the following events: (A) the filing of the registration statement, any amendment thereto, the prospectus or any prospectus supplement related thereto or post-effective amendment to the registration statement or any Free Writing Prospectus utilized in connection therewith, and, with respect to the registration statement or any post-effective amendment thereto, when the same has become effective; (B) any request by the Commission or any other U.S. or state governmental authority for amendments or supplements to the registration statement or the prospectus or for additional information; (C) the issuance by the Commission of any stop order suspending the effectiveness of the registration statement or the initiation of any proceedings by any Person for that purpose; (D) the receipt by the Company of any notification with respect to the suspension of the qualification of any Registrable Securities for sale under the securities or “blue sky” laws of any jurisdiction or the initiation or threat of any proceeding for such purpose; (E) if at any time the representations and warranties of the Company contained in any mutual agreement (including any underwriting agreement) contemplated by Section 3.4(a)(xi) cease to be true and correct in any material respect; and (F) upon the happening of any event that makes any statement made in such registration statement or related prospectus or any document incorporated or deemed to be incorporated therein by reference untrue in any material respect or that requires the making of any changes in such registration statement, prospectus or documents so that, in the case of the registration statement, it will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, and that in the case of the prospectus, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, and, at the request of any Selling Shareholder, promptly prepare and furnish to the Selling Shareholder a reasonable number of copies of a supplement to or an amendment of such registration statement or prospectus as may be necessary so that, as thereafter delivered to the purchasers of such Registrable Securities, such prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(xv) use commercially reasonable efforts to obtain the withdrawal of any order suspending the effectiveness of such registration statement, or the lifting of any suspension of the qualification (or exemption from qualification) of any of the Registrable Securities for sale in any jurisdiction at the earliest reasonable practicable date, except that, subject to the requirements of Section 3.4(a)(v), the Company shall not for any such purpose be required to (A) qualify generally to do business as a foreign corporation in any jurisdiction wherein it would not but for the requirements of this clause (xiii) be obligated to be so qualified, (B) subject itself to taxation in any such jurisdiction wherein it would not be obligated to do so but for the requirements of this clause (xiii) or (C) file a general consent to service of process in any such jurisdiction;

(xvi) cooperate with the Selling Shareholder and the lead managing underwriter(s) to facilitate the timely preparation and delivery of certificates (which shall not bear any restrictive legends unless required under Applicable Law) representing securities sold under any registration statement, and enable such securities to be in such denominations and registered in such names as the lead managing underwriter(s) or the Selling Shareholder may request and keep available and make available to the Company's transfer agent prior to the effectiveness of such registration statement a supply of such certificates;

(xvii) cooperate with the Selling Shareholder and each underwriter or agent participating in the disposition of any Registrable Securities and their respective counsel in connection with any filings required to be made with FINRA; and

(xviii) have appropriate officers of the Company prepare and make presentations at a reasonable number of "road shows" and before analysts and rating agencies, as the case may be, and other information meetings reasonably organized by the underwriters and otherwise use commercially reasonable efforts to cooperate as reasonably requested by the Selling Shareholder and the underwriters in the offering, marketing or selling of the Registrable Securities.

(b) The Company may require the Selling Shareholder and each underwriter, if any, to furnish the Company in writing such information regarding the Selling Shareholder or underwriter and the distribution of such Registrable Securities as the Company may from time to time reasonably request in writing to complete or amend the information required by such registration statement.

(c) The Selling Shareholder agrees that upon receipt of any notice from the Company of the happening of any event of the kind described in clauses (B), (C), (D), (E) and (F) of Section 3.4(a)(xiv), the Selling Shareholder shall forthwith discontinue its disposition of Registrable Securities pursuant to the applicable registration statement and prospectus relating thereto until receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.4(a)(xiii), or until it is advised in writing by the Company that the use of the applicable prospectus may be resumed, and has received copies of any additional or supplemental filings that are incorporated or deemed to be incorporated by reference in such prospectus.

(d) With a view to making available to the Investor the benefits of Rule 144 under the Securities Act and any other rule or regulation of the Commission that may at any time permit a holder to sell securities of the Company to the public without registration or pursuant to a registration statement, the Company shall:

(i) use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

(ii) use commercially reasonable efforts to file with the Commission in a timely manner all reports and other documents required of the Company under the Exchange Act, at any time when the Company is subject to such reporting requirements; and

(iii) furnish to the Investor so long as it owns Registrable Securities, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 under the Securities Act and of the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed or furnished by the Company with the Commission as the Investor may reasonably request in connection with the sale of Registrable Securities without registration (in each case to the extent not readily publicly available).

3.5 Registration Expenses. The Company shall pay all fees and expenses incident to the Company's performance of its obligations under this Article III, including (a) all registration and filing fees, including all fees and expenses of compliance with securities and "blue sky" laws (including the reasonable and documented fees and disbursements of counsel for the underwriters in connection with "blue sky" qualifications of the Registrable Securities pursuant to Section 3.4(a)(v)) and all fees and expenses associated with filings required to be made with FINRA (including, if applicable, the fees and expenses of any "qualified independent underwriter" as such term is defined in FINRA Rule 5121), (b) all printing (including expenses of printing certificates for the Registrable Securities in a form eligible for deposit with the Depository Trust Company and of printing prospectuses if the printing of prospectuses is requested by the Investor) and copying expenses, (c) all messenger, telephone and delivery expenses, (d) expenses of the Company incurred in connection with any "road show", (e) except as provided in this Section 3.5, any fees and disbursements customarily paid in issues and sales of securities (including the fees and expenses of any experts retained by the Company in connection with any registration statement), and (f) all fees and expenses of the Company's independent certified public accountants and counsel (including with respect to "comfort" letters and opinions). The Investor shall pay the fees and expenses of its own counsel and the Investor's portion of all underwriting discounts and commissions and transfer taxes, if any, relating to the sale of its Registrable Securities pursuant to any registration.

3.6 Information to be Furnished by Investor. Not less than seven (7) Business Days before the expected filing date of each registration statement pursuant to this Agreement, the Company shall notify the Investor (if it has timely provided the requisite notice hereunder entitling it to register Registrable Securities in such registration statement) of the information, documents and instruments from it that the Company or any underwriter reasonably requests in

connection with such registration statement, including, if applicable, a questionnaire, custody agreement, power of attorney, lock-up letter and underwriting agreement (the “Requested Information”). If the Company has not received, on or before the second Business Day before the expected filing date, the Requested Information from the Investor, the Company may file the registration statement without including Registrable Securities of the Investor. The failure to so include in any registration statement the Registrable Securities of the Investor (with regard to that registration statement) shall not result in any liability on the part of the Company to the Investor.

3.7 Registration Indemnification.

(a) The Company agrees to indemnify and hold harmless, to the fullest extent permitted by Law, the Selling Shareholder and its Affiliates and their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Selling Shareholder or such other indemnified Person and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each underwriter, if any, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) such underwriter, from and against all losses, claims, damages, liabilities, costs, expenses (including reasonable expenses of investigation and reasonable attorneys’ fees and expenses), judgments, fines, penalties, charges and amounts paid in settlement (collectively, the “Losses”), as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue statement) of a material fact contained in any registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and (without limitation of the preceding portions of this Section 3.7(a)) will reimburse the Selling Shareholder, each of its Affiliates, and each of their respective officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents and each such Person who controls the Selling Shareholder and the officers, directors, members, shareholders, employees, managers, partners, accountants, attorneys and agents of each such controlling Person, each such underwriter and each such Person who controls any such underwriter, for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, except that, with respect to a Selling Shareholder, the Company will not be liable to the extent that any such claim, Loss, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement in or omission or alleged omission from any such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by such Selling Shareholder expressly for use therein.

(b) In connection with any registration statement in which the Selling Shareholder is participating, the Selling Shareholder shall indemnify the Company, its directors and officers, and each Person who controls (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) the Company, from and against all Losses, as incurred, arising out of, caused by, resulting from or relating to any untrue statement (or alleged untrue

statement) of material fact contained in the registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto or any omission (or alleged omission) of a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, and (without limitation of the preceding portions of this Section 3.7(b)) will reimburse the Company, its directors and officers and each Person who controls the Company (within the meaning of Section 15 of the Securities Act and Section 20 of the Exchange Act) for any legal and any other expenses reasonably incurred in connection with investigating and defending or settling any such claim, Loss, damage, liability or action, in each case solely to the extent, but only to the extent, that such untrue statement or omission is made in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto in reliance upon and in conformity with written information furnished to the Company by the Selling Shareholder expressly for inclusion in such registration statement, prospectus or preliminary prospectus or Free Writing Prospectus or any amendment or supplement thereto. Notwithstanding the foregoing, the Selling Shareholder shall not be liable under this Section 3.7(b) for amounts in excess of the net proceeds received by it in the offering giving rise to such liability.

(c) Any Person entitled to indemnification hereunder shall give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, however, the failure to give such notice shall not release the indemnifying party from its obligation, except to the extent that the indemnifying party has been actually and materially prejudiced by such failure to provide such notice on a timely basis.

(d) In any case in which any such action is brought against any indemnified party, and it notifies an indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate therein, and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such indemnified party, and after notice from the indemnifying party to such indemnified party of its election so to assume the defense thereof and acknowledging the obligations of the indemnifying party with respect to such proceeding, the indemnifying party will not (so long as it shall continue to have the right to defend, contest, litigate and settle the matter in question in accordance with this paragraph) be liable to such indemnified party hereunder for any legal or other expense subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation, supervision and monitoring (unless (i) such indemnified party reasonably objects to such assumption on the grounds that there may be defenses available to it which are different from or in addition to the defenses available to such indemnifying party and, as a result, a conflict of interest exists or (ii) the indemnifying party shall have failed within a reasonable period of time to assume such defense and the indemnified party is or would reasonably be expected to be materially prejudiced by such delay, in either event the indemnified party shall be promptly reimbursed by the indemnifying party for the expenses incurred in connection with retaining one separate legal counsel (for the avoidance of doubt, for all indemnified parties in connection therewith)). For the avoidance of doubt, notwithstanding any such assumption by an indemnifying party, the indemnified party shall have the right to employ separate counsel in any such matter and participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such indemnified party except as provided in the previous sentence. An indemnifying party shall not be liable for any settlement of an action or claim effected without its

consent (which consent shall not be unreasonably withheld, conditioned or delayed). No matter shall be settled by an indemnifying party without the consent of the indemnified party (which consent shall not be unreasonably withheld, conditioned or delayed), unless such settlement (x) includes as an unconditional term thereof the giving by the claimant or plaintiff to such indemnified party of a release from all liability in respect to such claim or litigation, and (y) does not include any statement as to or any admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(e) The indemnification provided for under this Agreement shall survive the Transfer of the Registrable Securities and the termination of this Agreement.

(f) If recovery is not available under the foregoing indemnification provisions for any reason or reasons other than as specified therein, any Person who would otherwise be entitled to indemnification by the terms thereof shall nevertheless be entitled to contribution with respect to any Losses with respect to which such Person would be entitled to such indemnification but for such reason or reasons, in such proportion as is appropriate to reflect the relative fault of the indemnifying party, on the one hand, and such indemnified party, on the other hand, in connection with the actions, statements or omissions that resulted in such Losses as well as any other relevant equitable considerations. The relative fault of the indemnifying party and of the indemnified party shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission to state a material fact relates to information supplied by the indemnifying party or by the indemnified party, the Persons' relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct and prevent any statement or omission, and other equitable considerations appropriate under the circumstances. It is hereby agreed that it would not necessarily be equitable if the amount of such contribution were determined by pro rata or per capita allocation. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not found guilty of such fraudulent misrepresentation. Notwithstanding the foregoing, the Selling Shareholder shall not be required to make a contribution in excess of the net proceeds received by it from its sale of Registrable Securities in connection with the offering that gave rise to the contribution obligation.

ARTICLE IV

CONFIDENTIALITY

4.1 Confidentiality. The Investor hereby agrees that all Confidential Information with respect to the Company, its Subsidiaries and its and their businesses, finances and operations shall be kept confidential by it and shall not be disclosed by it in any manner whatsoever, except as expressly permitted by this Section 4.1. Any Confidential Information may be disclosed:

(a) by the Investor (x) to any of its Affiliates (other than any portfolio companies thereof), (y) to its or such Affiliate's respective directors, managers, members, officers, employees and authorized representatives (including attorneys, accountants, consultants, bankers and financial advisors thereof) and (z) in the case of any Investor that is a limited partnership, limited liability company or other investment vehicle, to any current or prospective

direct or indirect general partner, limited partner, member, equityholder or management company of such Investor or any former direct or indirect general partner, limited partner, member, equityholder or management company which retains an economic interest in such Investor (or any employee, attorney, accountant, consultant, banker or financial advisor or representative of any of the foregoing) (each of the Persons described in clauses (x), (y) and (z), collectively, for purposes of this Section 4.1 and the definition of Confidential Information, “Representatives”), in each case, solely if and to the extent any Representative needs to be provided such Confidential Information to assist such Investor or its Affiliates in evaluating or reviewing its direct or indirect investment in the Company, including in connection with the disposition thereof, and each Representative of the Investor shall be deemed to be bound by the provisions of this Section 4.1 and such Investor shall be responsible for any breach of this Section 4.1 by any such Representative to the same extent as if such breach had been committed by the Investor; provided, further, that the Investor hereby acknowledges that it is aware, and it will advise its Representatives to whom it provides Confidential Information, that such Confidential Information may include material non-public information and that applicable securities laws impose restrictions on trading securities when in possession of such information and on communicating such information to any other person under circumstances in which it is reasonably foreseeable that such person is likely to trade in such securities;

(b) by the Investor or any of its Representatives to the extent the Company consents in writing;

(c) by the Investor or any of its Representatives to a potential Transferee (so long as such Transfer is permitted hereunder); provided, that such Transferee agrees to be bound by the provisions of this Section 4.1 (or a confidentiality agreement with the Company having restrictions substantially similar to (and no less restrictive than) this Section 4.1) and such Investor shall be responsible for any breach of this Section 4.1 (or such confidentiality agreement) by any such potential Transferee to the same extent as if such breach had been committed by the Investor; and

(d) by the Investor or any of its Representatives to the extent that such Investor or Representative has received advice from its counsel that it is legally compelled to do so or is required to do so to comply with Applicable Law or legal process or Governmental Authority request or the rules of any securities exchange on which its securities are listed or the rules and regulations of any SRO; provided, that prior to making such disclosure, such Investor or Representative, as the case may be, uses commercially reasonable efforts to preserve the confidentiality of the Confidential Information to the extent reasonably practicable and permitted by Applicable Law, including, to the extent permitted by Applicable Law, (A) consulting with the Company regarding such disclosure and (B) if requested by the Company, assisting the Company, at the Company’s expense, in seeking a protective order to prevent the requested disclosure; provided, further, that such Investor or Representative, as the case may be, uses reasonable best efforts to disclose only that portion of the Confidential Information as is requested by the applicable Governmental Authority or as is, based on the advice of its counsel, legally required or compelled.

ARTICLE V

DEFINITIONS

5.1 Defined Terms. Capitalized terms when used in this Agreement have the following meanings:

“Affiliate” means, with respect to any Person, an “affiliate” as defined in Rule 405 of the regulations promulgated under the Securities Act and with respect to each Investor, an “affiliate” of such Investor as defined in Rule 405 of the regulations promulgated under the Securities Act and any Investment Fund, investment vehicle or holding company of which such Investor or an Affiliate of such Investor serves as the general partner, managing member or discretionary manager or advisor; provided, however, that notwithstanding the foregoing, an Affiliate of an Investor shall not include (x) any portfolio company of any such Person or of such Investor or any Investment Fund, vehicle or holding company, (y) any limited partners of such Investor, or (z) any of the Other Holders or any of their respective Affiliates.

“Agreement” has the meaning set forth in the preamble.

“Applicable Law” means, with respect to any Person, any Law applicable to such Person, its assets, properties, operations or business.

“Beneficial Owner” or “Beneficially Own” has the meaning assigned to such term in Rule 13d-3 under the Exchange Act, and a Person’s beneficial ownership of securities shall be calculated in accordance with the provisions of such Rule (in each case, irrespective of whether or not such Rule is actually applicable in such circumstance).

“Blackout Period” means (i) any regular quarterly period during which directors and executive officers of the Company are not permitted to trade under the insider trading policy of the Company then in effect, provided, that if the Investor proposes to sell Registrable Securities during such period, the Company shall consider in good faith facilitating such sale during such period, and (ii) in the event that the Company determines in good faith that the registration would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, a period of no more than 30 days in any 90-day period or 90 days in any 365-day period.

“Blackstone Investor” means Blackstone Capital Partners (Cayman) V L.P., Blackstone Capital Partners (Cayman) V-A L.P., BCP (Cayman) V-S L.P., Blackstone Family Investment Partnership (Cayman) V L.P., Blackstone Family Investment Partnership (Cayman) V-A L.P., Blackstone Participation Partnership (Cayman) V L.P. and any of their “Permitted Transferees” (as such term is defined in the Shareholders Agreement, dated as of the date hereof, by and among the Company and the foregoing).

“Board” has the meaning set forth in Section 1.1(b)(ii).

“Business Day” means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York or Eindhoven, the Netherlands are authorized or required by Law to be closed.

“Closing” shall have the meaning set forth in the Merger Agreement.

“Closing Date” shall have the meaning set forth in the Merger Agreement.

“Commission” means the Securities and Exchange Commission or any other federal agency administering the Securities Act.

“Company” has the meaning set forth in the preamble.

“Company Common Shares” has the meaning set forth in the recitals.

“Confidential Information” means all information (irrespective of the form of communication, and irrespective of whether obtained prior to or after the date hereof) obtained by or on behalf of the Investor or its Representatives from the Company or its Representatives, through the Shares Beneficially Owned or through the rights granted pursuant hereto, other than information which (i) was or becomes generally available to the public other than as a result of a breach of this Agreement by the Investor or such Representatives, (ii) was or becomes available to the Investor or such Representatives on a non-confidential basis from a source other than the Company or its Representatives, provided, that the source thereof is not known by the Investor or such Representatives to be bound by an obligation of confidentiality to the Company, or (iii) is independently developed by the Investor or such Representatives without the use of or reference to any such information that would otherwise be Confidential Information hereunder. Subject to clauses (i)-(iii) above, Confidential Information also includes all non-public information previously provided by the Company or its Representatives to the Investor or its Representatives pursuant to the Confidentiality Agreement, including all information, documents and reports referred to thereunder, or otherwise.

“Confidentiality Agreement” means the letter agreement, dated as of December 22, 2014, between Freescale and the Company and any amendments thereto or side letters entered into in connection therewith.

“Contract” means any contract, lease, license, indenture, loan, note, agreement or other legally binding commitment, arrangement or undertaking (whether written or oral and whether express or implied).

“Control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

“Controlled Affiliate” means any Affiliate of the specified Person that is, directly or indirectly, Controlled by the specified Person.

“Exchange Act” means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“Freescale” has the meaning set forth in the recitals.

“FINRA” means the Financial Industry Regulatory Authority.

“Free Writing Prospectus” has the meaning set forth in Section 3.4(a)(iv).

“Governmental Authority” means any federal, national, state, local, cantonal, municipal, international or multinational government or political subdivision thereof, governmental department, commission, board, bureau, agency, taxing or regulatory authority, instrumentality or judicial or administrative body, or arbitrator or SRO, having jurisdiction over the matter or matters in question.

“Group” has the meaning assigned to such term in Section 13(d)(3) of the Exchange Act.

“Inspectors” has the meaning set forth in Section 3.4(a)(xiii).

“Investment Fund” means, with respect to an Investor, any investment fund, investment vehicle or other account that is, directly or indirectly, managed or advised by such Investor or any of its Controlled Affiliates.

“Investor” has the meaning set forth in the preamble.

“Law” has the meaning set forth in the Merger Agreement.

“Losses” has the meaning set forth in Section 3.7(a).

“Merger” has the meaning set forth in the recitals.

“Merger Agreement” has the meaning set forth in the recitals.

“Merger Sub” has the meaning set forth in the recitals.

“Non-Liable Person” has the meaning set forth in Section 6.12.

“Other Holder” means any Person that has registration rights under any Other Shareholder Agreement.

“Other Shareholder Agreements” mean the shareholders agreements (other than this Agreement) entered into at the closing of the Merger with certain former equityholders of Freescale Holdings L.P. in accordance with the Merger Agreement.

“Permitted Transferee” means, with respect to any Person, any Affiliate of such Person.

“Permitted Transfers” has the meaning set forth in Section 1.1(b).

“Person” has the meaning set forth in the Merger Agreement.

“Piggyback Registration” has the meaning set forth in Section 3.1(a)(i).

“Prospectus” means the prospectus included in any Shelf Registration Statement or a Piggyback Registration (including a prospectus that discloses information previously omitted from a prospectus filed as part of an effective Shelf Registration Statement or Piggyback Registration in reliance upon Rule 430A or Rule 430B promulgated under the Securities Act), as amended or supplemented by any prospectus supplement or any issuer free writing prospectus (as defined in Rule 433 under the Securities Act), with respect to the offering of any portion of the Registrable Securities covered by such Shelf Registration Statement or Piggyback Registration, and all other amendments and supplements to the prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

“Records” has the meaning set forth in Section 3.4(a)(xiii).

“Registrable Securities” means, with respect to the Investor, (1) the Shares issued in connection with the Merger, and (2) any additional securities issued or issuable as a dividend or distribution or in exchange for, or in respect of such Shares; provided, that any such Shares shall cease to be Registrable Securities when (i) they are sold pursuant to an effective registration statement under the Securities Act, (ii) they are sold pursuant to Rule 144 under the Securities Act or (iii) they shall have ceased to be outstanding.

“Representatives” has the meaning set forth in Section 5.1(a).

“Requested Information” has the meaning set forth in Section 3.6.

“Restricted Period” has the meaning set forth in Section 1.1(a).

“Securities Act” means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Selling Shareholder” has the meaning set forth in Section 3.4(a)(i).

“Shares” has the meaning set forth in the recitals.

“Shelf Registration Statement” has the meaning set forth in the Other Shareholder Agreement entered into at the closing of the Merger with the Blackstone Investor (the “Blackstone Shareholder Agreement”).

“SRO” means (i) any “self regulatory organization” as defined in Section 3(a)(26) of the Exchange Act, (ii) any other United States or foreign securities exchange, futures exchange, commodities exchange or contract market, or (iii) any other securities exchange.

“Subsidiary” shall have the meaning set forth in the Merger Agreement.

“Total Economic Interest” means, as of any date of determination, the total economic interests of all Voting Securities then outstanding. The percentage of the Total Economic Interest Beneficially Owned by any Person as of any date of determination is the percentage of the Total Economic Interest then Beneficially Owned by such Person, including pursuant to any swaps or any other agreements, transactions or series of transactions, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise.

“Total Voting Power” means, as of any date of determination, the total number of votes that may be cast in the election of directors of the Company if all Voting Securities then outstanding were present and voted at a meeting held for such purpose. The percentage of the Total Voting Power Beneficially Owned by any Person as of any date of determination is the percentage of the Total Voting Power of the Company that is represented by the total number of votes that may be cast in the election of directors of the Company by Voting Securities then Beneficially Owned by such Person.

“Transfer” means (i) any direct or indirect offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), either voluntary or involuntary, or entry into any Contract, option or other arrangement or understanding with respect to any offer, sale, lease, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise), of any capital stock or interest in any capital stock or (ii) in respect of any capital stock or interest in any capital stock, to enter into any swap or any other agreement, transaction or series of transactions that hedges or transfers, in whole or in part, directly or indirectly, the economic consequence of ownership of such capital stock or interest in capital stock, whether any such swap, agreement, transaction or series of transaction is to be settled by delivery of securities, in cash or otherwise. “Transferor” means a Person that Transfers or proposes to Transfer; and “Transferee” means a Person to whom a Transfer is made or is proposed to be made.

“Underwritten Offering” means a sale of securities of the Company to an underwriter or underwriters for reoffering to the public.

“Volume Limitation” has the meaning set forth in Section 1.1(c)(iii).

“Voting Securities” means Company Common Shares and any other securities of the Company entitled to vote generally in the election of directors of the Company.

5.2 Interpretation. Whenever used: the words “include,” “includes” and “including” shall be deemed to be followed by the phrase “without limitation”, and the words “hereof” and “herein” and similar words shall be construed as references to this Agreement as a whole and not limited to the particular Article, Section, Annex, Exhibit or Schedule in which the reference appears. Unless the context otherwise requires, references herein: (x) to Articles, Sections, Annexes, Exhibits and Schedules mean the Articles, Sections and Annexes of, and Exhibits and Schedules attached to, this Agreement; (y) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (z) to a statute means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. References to “\$” or “dollars” means United States dollars. Any reference in this Agreement to any gender shall include all genders. The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms. The Annexes, Exhibits and Schedules referred to herein shall be construed with, and as an integral part of, this Agreement to the same extent as if they were set forth verbatim herein. The

headings of the Articles and Sections are for convenience of reference only and do not affect the interpretation of any of the provisions hereof. If, and as often as, there is any change in the outstanding Company Common Shares by reason of share dividends, splits, reverse splits, spin-offs, split-ups, mergers, reclassifications, reorganizations, recapitalizations, combinations or exchanges of shares and the like, appropriate adjustment shall be made in the provisions of this Agreement so as to fairly and equitably preserve, as far as practicable, the rights and obligations set forth herein that continue to be applicable on the date of such change. No rule of construction against the draftsman shall be applied in connection with the interpretation or enforcement of this Agreement, as this Agreement is the product of negotiation between sophisticated parties advised by counsel.

ARTICLE VI

MISCELLANEOUS

6.1 Term. This Agreement shall automatically terminate upon the earlier of (i) the termination of the Blackstone Agreement and (ii) the date that the Investor Beneficially Owns less than 5% of the Shares Beneficially Owned by the Investor as of immediately following the Closing (as defined in the Merger Agreement). If this Agreement is terminated pursuant to this Section 6.1, this Agreement shall immediately then be terminated and of no further force and effect, except for the provisions set forth in this Article VI, which shall survive in accordance with their terms. Notwithstanding anything to the contrary in this Agreement, Section 4.1 shall terminate upon the three month anniversary of the Closing.

6.2 Notices. All notices, consents and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by hand delivery, by prepaid overnight courier (providing written proof of delivery), by confirmed e-mail transmission or by certified or registered mail (return receipt requested and first class postage prepaid), addressed as follows:

(i) if to the Company, to:

Name: NXP Semiconductors N.V.
Address: General Counsel
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Email: guido.dierick@nxp.com
Attention: Guido Dierick

with a copy to (which shall not be considered notice):

Name: Simpson Thacher & Bartlett LLP
Address: 425 Lexington Avenue
New York, New York 10017
Fax: (212) 455-2502
Email: ghorowitz@stblaw.com
ecooper@stblaw.com
Attention: Gary Horowitz
Elizabeth Cooper

(ii) if to the Investor, to:

Name: TPG Partners IV – AIV, L.P.
TPG Partners V – AIV, L.P.
TPG FOF V-A, L.P.
TPG FOF V-B, L.P.
Address: 301 Commerce Street, Suite 3300
Fort Worth, TX 76102
Fax: (817) 871-4001
Attention: General Counsel

with a copy to (which shall not be considered notice):

Name: Skadden, Arps, Slate, Meagher & Flom LLP
Address: Four Times Square
New York, New York 10036
Fax: (212) 735-2000
Email: Kenton.King@skadden.com
Allison.Schneirov@skadden.com
Amr.Razzak@skadden.com
Attention: Kenton J. King
Allison R. Schneirov
Amr Razzak

or to such other address (i.e., e-mail address) for a party as shall be specified in a notice given in accordance with this Section 6.2; provided that any notice received by email transmission or otherwise at the addressee's location on any Business Day after 5:00 P.M. (addressee's local time) shall be deemed to have been received at 9:00 A.M. (addressee's local time) on the next Business Day; provided, further that notice of any change to the address or any of the other details specified in or pursuant to this Section 6.2 shall not be deemed to have been received until, and shall be deemed to have been received upon, the later of the date specified in such notice or the date that is five (5) Business Days after such notice would otherwise be deemed to have been received pursuant to this Section 6.2.

6.3 Amendments and Waivers. Each of the parties hereto agrees that no provision of this Agreement may be amended or modified unless such amendment or modification is in writing and signed by all parties hereto. No failure or delay by any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by Applicable Law.

6.4 Successors and Assigns. Neither this Agreement nor any of the rights or obligations hereunder shall be assigned by any of the parties hereto without the prior written consent of the other parties, provided that any proposed assignment by the Investor of any of its rights herein to any party other than to an Affiliate of the Investor may be granted or withheld in the Company's sole and absolute discretion, it being understood that it is the intention of the parties hereto that the rights afforded to the Investor are personal to the Investor and are not transferable except as expressly provided herein. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and assigns. Any attempted assignment in violation of this Section 6.4 shall be void.

6.5 Severability. If any term or other provision of this Agreement is determined to be invalid, illegal or incapable of being enforced by any Applicable Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by Applicable Law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the extent possible.

6.6 Counterparts. This Agreement may be executed in multiple counterparts, each of which when executed and delivered shall be deemed to be an original but all of which taken together shall constitute one and the same agreement.

6.7 Entire Agreement. This Agreement (including the documents and the instruments referred to in this Agreement), together with the Confidentiality Agreement, constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter of this Agreement.

6.8 Governing Law; Jurisdiction. This Agreement and all litigation, claims, actions, suits, hearings or proceedings (whether civil, criminal or administrative and whether based on contract, tort or otherwise), directly or indirectly, arising out of or relating to this Agreement, any of the transactions contemplated by this Agreement or the actions of the Company or the Investor in the negotiation, administration, performance and enforcement hereof or thereof, shall be governed by and construed in accordance with the Laws of the State of New York, without giving effect to any choice or conflict of Laws provision or rule (whether of the State of New York or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of New York. Each of the parties hereto hereby (a) expressly and irrevocably submits to the exclusive personal jurisdiction of any United States federal court located in the Southern District of the State of New York or any New York state court located in Manhattan in the event any dispute arises out of this Agreement or any of the transactions contemplated by this Agreement, (b) agrees that it will not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court and (c) agrees that it will not bring any action relating to this Agreement or any of the transactions contemplated by this Agreement in any court other than the courts as described in (a) above; provided that each of the parties shall have the right to bring any action or proceeding for enforcement of a judgment

entered by any United States federal court located in the State of New York or any New York state court in any other court or jurisdiction. Each party irrevocably consents to the service of process outside the territorial jurisdiction of the courts referred to herein in any such action or proceeding in connection with this Agreement or the transactions contemplated hereby by mailing copies thereof by registered United States mail, postage prepaid, return receipt requested, to its address as specified in or pursuant to Section 6.2. However, the foregoing shall not limit the right of a party to effect service of process on the other party by any other legally available method.

6.9 WAIVER OF JURY TRIAL. EACH PARTY HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIONS OF ANY PARTY IN THE NEGOTIATION, ADMINISTRATION, PERFORMANCE AND ENFORCEMENT THEREOF. EACH OF THE PARTIES HERETO CERTIFIES AND ACKNOWLEDGES THAT (A) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (B) EACH SUCH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (C) EACH SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (D) EACH SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 6.10.

6.10 Specific Performance. The parties hereby acknowledge and agree that the failure of any party to perform its agreements and covenants hereunder will cause irreparable injury to the non-breaching parties, for which damages, even if available, will not be an adequate remedy. Accordingly, each party hereby consents to the granting of injunctive relief by any court of competent jurisdiction to prevent breaches of this Agreement, to enforce specifically the terms and provisions hereof and to compel performance of such party's obligations, this being in addition to any other remedy to which any party is entitled under this Agreement. The parties further agree to waive any requirement for the securing or posting of any bond in connection with any such remedy, and that such remedy shall be in addition to any other remedy to which a party is entitled at law or in equity.

6.11 No Third Party Beneficiaries. Nothing in this Agreement shall confer any rights upon any Person other than the parties hereto and each such party's respective heirs, successors and permitted assigns; provided, that the Persons indemnified under Section 3.9 are intended third party beneficiaries of Section 3.9, and Non-Liable Persons are intended third party beneficiaries of Section 6.12.

6.12 No Recourse. Notwithstanding anything that may be expressed or implied in this Agreement, and notwithstanding the fact that any party hereto may be a partnership or limited liability company, each party hereto, by its acceptance of the benefits of this Agreement, covenants, agrees and acknowledges that no Persons other than the named parties hereto shall have any obligation hereunder and that it has no rights of recovery hereunder against, and no recourse hereunder or in respect of any oral representations made or alleged to be made in

connection herewith or therewith shall be had against, any former, current or future director, officer, agent, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative or employee of any Investor (or any of their heirs, successors or permitted assigns), or against any former, current or future director, officer, agent, employee, Affiliate, manager, assignee, incorporator, controlling Person, fiduciary, representative, general or limited partner, shareholder, manager or member of any of the foregoing Persons, but in each case not including the named parties hereto (each, a "Non-Liable Person"), whether by or through attempted piercing of the corporate veil, by or through a claim (whether in tort, contract or otherwise) by or on behalf of such party against any Non-Liable Person, by the enforcement of any assignment or by any legal or equitable proceeding, or by virtue of any statute, regulation or other Applicable Law or otherwise; it being expressly agreed and acknowledged that no personal liability whatsoever shall attach to, be imposed on or otherwise be incurred by any Non-Liable Person, as such, for any obligations of the applicable party under this Agreement or the transactions contemplated hereby, in respect of any oral representations made or alleged to have been made in connection herewith or therewith or for any claim (whether in tort, contract or otherwise) based on, in respect of or by reason of, such obligations or their creation.

6.13 Scope of Agreement. Notwithstanding anything to the contrary provided elsewhere herein, none of the provisions of this Agreement shall in any way limit the activities of TPG Capital, L.P. and its affiliates in their businesses distinct from the private equity business of TPG Capital, L.P., provided that the Confidential Information is not made available to Representatives of TPG Capital, L.P. and its affiliates who are not involved in the private equity business of TPG Capital, L.P. Should any Confidential Information be made available to a Representative of TPG Capital, L.P. and its affiliates who is not involved in the private equity business of TPG Capital, L.P., such Representative shall be bound by this Agreement in accordance with its terms. In addition, none of the provisions of this Agreement shall in any way apply to any portfolio company of an affiliate of TPG Capital, L.P., provided, however, that should the Confidential Information be made available to a Representative of any portfolio company of an affiliate of TPG Capital, L.P., such Representative shall be bound by this Agreement in accordance with its terms.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

NXP Semiconductors N.V.

By: /s/ Guido Dierick

Name: Guido Dierick

Title: Executive Vice President and General Counsel

TPG PARTNERS IV — AIV, L.P.

By: TPG GenPar IV-AIV, L.P., its general partner

By: TPG Advisors IV-AIV, Inc., its general partner

By: /s/ Clive Bode

Name: Clive Bode

Title: Vice President

TPG PARTNERS V — AIV, L.P.

By: TPG GenPar V-AIV, L.P., its general partner

By: TPG Advisors V-AIV, Inc., its general partner

By: /s/ Clive Bode

Name: Clive Bode

Title: Vice President

TPG FOF V-A, L.P.

By: TPG GenPar V L.P., its general partner

By: TPG GenPar V Advisors, LLC, its general partner

By: /s/ Clive Bode

Name: Clive Bode

Title: Vice President

TPG FOF V-B, L.P.

By: TPG GenPar V L.P., its general partner

By: TPG GenPar V Advisors, LLC, its general partner

By: /s/ Clive Bode

Name: Clive Bode

Title: Vice President

EXHIBIT A

FORM OF JOINDER

The undersigned is executing and delivering this Joinder Agreement pursuant to that certain NXP Semiconductors N.V. Shareholders Agreement, dated as of December 7, 2015 (as amended, restated, supplemented or otherwise modified in accordance with the terms thereof, the "Shareholders Agreement") by and among NXP Semiconductors N.V., a public company with limited liability (*naamloze vennootschap*) incorporated under the laws of The Netherlands, registered with the Dutch Chamber of Commerce under number 34253298 and having its corporate seat (*statutaire zetel*) in Eindhoven, the shareholder of the Company whose name appears on the signature pages thereto (the "Investor"), and any other Persons who become a party thereto in accordance with the terms thereof. Capitalized terms used but not defined in this Joinder Agreement shall have the respective meanings ascribed to such terms in the Shareholders Agreement.

By executing and delivering this Joinder Agreement to the Shareholders Agreement, the undersigned hereby adopts and approves the Shareholders Agreement and agrees, effective commencing on the date hereof and as a condition to the undersigned's becoming the Transferee of Shares, to become a party to, and to be bound by and comply with the provisions of, the Shareholders Agreement applicable to the Investor, in the same manner as if the undersigned were an original signatory to the Shareholders Agreement.

The undersigned hereby represents and warrants that, pursuant to this Joinder Agreement and the Shareholders Agreement, it is a Permitted Transferee of the Investor and will be the lawful Beneficial Owner of [●] Shares as of the date hereof.

The undersigned acknowledges and agrees that Section 6.2 through Section 6.12 of the Shareholders Agreement are incorporated herein by reference, *mutatis mutandis*.

[Signature page follows]

Accordingly, the undersigned have executed and delivered this Joinder Agreement as of the day of , .

TRANSFeree

Print Name:

Address:

Telephone:

Facsimile:

Email:

AGREED AND ACCEPTED
as of the day of , .

NXP Semiconductors N.V.

By: _____
Name:
Title:

[TRANSFEROR

By: _____
Name:
Title:]

Certification of R. Clemmer filed pursuant to 17 CFR 240.13a-14(a)

CERTIFICATION

I, Richard L. Clemmer, certify that:

1. I have reviewed this annual report on Form 20-F 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 company as of, and for, the periods presented in this report;
4. The company'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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Dated: February 26, 2016

Richard L. Clemmer

Executive Director, President and Chief Executive Officer

Certification of D. Durn filed pursuant to 17 CFR 240. 13a-14(a)

CERTIFICATION

I, Dan Durn, certify that:

1. I have reviewed this annual report on Form 20-F 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 company as of, and for, the periods presented in this report;
4. The company'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 company 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 company, 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 company'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 company's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the company's internal control over financial reporting; and

5. The company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the company's auditors and the audit committee of the company'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 company'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 company's internal control over financial reporting.

Date: February 26, 2016

Dan Durn

Executive Vice President and Chief Financial Officer

Certification of R. Clemmer filed pursuant to 17 CFR 240. 13a-14(b)

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of NXP Semiconductors N.V. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2015 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: February 26, 2016

Richard L. Clemmer

Executive Director, President and Chief Executive Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

Certification of D. Durn filed pursuant to 17 CFR 240. 13a-14(b)

CERTIFICATION

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code), the undersigned officer of NXP Semiconductors N.V. (the "Company"), hereby certifies, to such officer's knowledge, that:

The Annual Report on Form 20-F for the year ended December 31, 2015 (the "Report") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 26, 2016

Dan Durn

Executive Vice President and Chief Financial Officer

The foregoing certification is being furnished solely pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code) and is not being filed as part of the Report or as a separate disclosure document.

LIST OF SIGNIFICANT SUBSIDIARIES OF THE REGISTRANT.

List of direct and indirect subsidiaries as of December 31, 2015

Country of incorporation	Name legal entity
Australia	Cohda Wireless Pty Ltd. (23.1%)
Austria	NXP Semiconductors Austria GmbH
Austria	Catena DSP GmbH
Belgium	NXP Semiconductors Belgium N.V.
Brazil	Freescale Semicondutores Brasil Ltda.
British Virgin Islands	Freescale Semiconductor Holding Limited
Canada	NXP Semiconductors Canada Inc.
Canada	Freescale Semiconductor Canada Inc.
Cayman Islands	Freescale Semiconductor Cayman Holdings Ltd.
China	NXP Semiconductors Guangdong Ltd.
China	NXP (China) Management Ltd.
China	Suzhou ASEN Semiconductors Co., Ltd. (40%)*
China	Advanced Semiconductor Manufacturing Corporation Ltd (27.47%)*
China	Datang NXP Semiconductors Co., Ltd (49%)*
China	WeEn Semiconductor Co., Ltd (49%)*
China	WeEn Semiconductor (Shanghai) Co., Ltd.
China	Jilin WeEn Semiconductors Co., Ltd.
China	Freescale Qiangxin (Tianjin) IC Design Co. Ltd. (75%)*
China	Freescale Semiconductor (China) Ltd.
Czech Republic	Freescale Polovodice Ceska republika s.r.o.
Denmark	Freescale Semiconductors Danmark A/S
Finland	NXP Semiconductors Finland Oy
France	NXP Semiconductors France SAS
France	Freescale Semiconducteurs France SAS
Germany	SMST Unterstützungskasse GmbH
Germany	NXP Semiconductors Germany GmbH
Germany	NXP Stresemannallee 101 Dritte Verwaltungs GmbH
Germany	Freescale Halbleiter Deutschland GmbH
Germany	Catena Germany GmbH
Hong Kong	NXP Semiconductors Hong Kong Ltd.
Hong Kong	Semiconductors NXP Ltd.
Hong Kong	WeEn Semiconductors (Hong Kong)
Hong Kong	Freescale Semiconductor Hong Kong Limited
Hong Kong	Freescale Semiconductor Asia Enablement Limited
Hungary	NXP Semiconductors Hungary Ltd.
Hungary	Providence Holdings Befektetési Korlátolt Felelősségű Társaság
India	NXP Semiconductors India Pvt. Ltd.

India	Freescale Semiconductor India Pvt. Ltd.
India	Intoto Software India Private Limited
India	Zenverge India Technologies Private Limited
Ireland	GloNav Ltd.
Israel	Athena Smartcard Solutions Limited
Israel	Freescale Semiconductor Israel Limited
Italy	Freescale Semiconduttori Italia S.r.l
Japan	NXP Semiconductors Japan Ltd.
Japan	Freescale Semiconductor Japan Limited
Korea	NXP Semiconductors Korea Ltd.
Korea	Freescale Semiconductor Korea, Inc.
Luxembourg	Freescale Semiconductor Luxembourg Investing Services S.à.r.l.
Luxembourg	Freescale Semiconductor Luxembourg Treasury Services S.à.r.l.
Malaysia	NXP Semiconductors Malaysia Sdn. Bhd.
Malaysia	Freescale Asia Fulfillment Centre Sdn Bhd.
Malaysia	Freescale Semiconductor Malaysia Sdn Bhd.
Mexico	Freescale Semiconductors México, S. de R.L. de C.V.
Netherlands	NXP B.V.
Netherlands	NXP Semiconductors Netherlands B.V.
Netherlands	NXP Software B.V.
Netherlands	Catena Holding B.V.
Netherlands	Catena Microelectronics B.V.
Netherlands	Catena Radio Design B.V.
Philippines	NXP Semiconductors Philippines, Inc.
Philippines	NXP Semiconductors Cabuyao, Inc.
Philippines	Laguna Ventures, Inc. (39.9%)*
Poland	NXP Semiconductors Poland Sp.z.o.o.
Romania	Freescale Semiconductor Romania Srl
Russia	NXP Semiconductors Russia O.O.O.
Russia	Freescale Semiconductor LLC
Singapore	NXP Semiconductors Singapore Pte. Ltd.
Singapore	Systems on Silicon Manufacturing Company Pte Ltd (61.2%)*
Singapore	Freescale Semiconductor Singapore Pte. Ltd.
Sweden	NXP Semiconductors Sweden AB
Sweden	Catena Wireless Electronics AB
Sweden	Freescale Semiconductor Nordic AB
Switzerland	NXP Semiconductors Switzerland AG
Switzerland	Freescale Semiconductor EME&A SA
Switzerland	Freescale Semiconductor S.A
Taiwan	NXP Semiconductors Taiwan Ltd.
Taiwan	Freescale Semiconductor Taiwan Ltd.
Thailand	NXP Manufacturing (Thailand) Co., Ltd.

Thailand	NXP Semiconductors (Thailand) Co., Ltd.
Turkey	NXP Semiconductors Elektronik Ticaret A.S.
United Kingdom	NXP Semiconductors UK Ltd.
United Kingdom	NXP Laboratories UK Holding Ltd.
United Kingdom	NXP Laboratories UK Ltd.
United Kingdom	Athena SCS Limited
United Kingdom	Athena Smartcard Limited
United Kingdom	WeEn Semiconductors (United Kingdom) Limited
United Kingdom	Freescale Semiconductor Holding UK Limited
United Kingdom	Freescale Semiconductor UK Limited
USA	NXP Semiconductors USA, Inc.
USA	NXP Funding LLC
USA	Athena Smartcard Inc.
USA	Intoto LLC
USA	Freescale Semiconductor International Corporation
USA	SigmaTel, LLC
USA	Zenverge LLC
USA	Freescale Semiconductor Holdings V, Inc.
USA	Freescale Semiconductor, Inc.

* = joint venture

Consent of Independent Registered Public Accounting Firm

The Board of Directors
NXP Semiconductors N.V.

We consent to the incorporation by reference in the registration statements on Form S-8 (No. 333-203192, No. 333-190472 and No. 333-172711) of NXP Semiconductors N.V. of our report dated February 26, 2016, with respect to the consolidated balance sheets of NXP Semiconductors N.V. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive income, cash flows and changes in equity for each of the years in the three-year period ended December 31, 2015, and the effectiveness of internal control over financial reporting as of December 31, 2015, which report appears in the December 31, 2015 Annual Report on Form 20-F of NXP Semiconductors N.V.

Our report dated February 26, 2016 contains an explanatory paragraph that states that our audit of internal control over financial reporting of NXP Semiconductors N.V. excluded an evaluation of the internal control over financial reporting of Freescale Semiconductor, Ltd. including subsidiaries, which was acquired in December 2015.

/s/ KPMG Accountants N.V.
Amstelveen, The Netherlands

February 26, 2016