



# NXP Semiconductors Investor Presentation

January 2013



# Forward Looking Statement

This document includes forward-looking statements which include statements regarding our business strategy, financial condition, results of operations, and market data, as well as any other statements which are not historical facts. By their nature, forward-looking 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 include 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 or 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 to develop products for use in our customers' equipment and products, our ability to successfully establish a brand identity, our ability to successfully hire and retain key management and senior product architects; and, our ability to maintain good relationships with our suppliers. In addition, this document contains information concerning the semiconductor industry and our 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 segments and product areas will develop. We have based these assumptions on information currently available to us, 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, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak to results only as of the date the statements were made; and, except for any ongoing obligation to disclose material information as required by the United States federal securities laws, we do not have any intention or obligation to publicly update or revise any forward-looking statements after we distribute this document, whether to reflect any future events or circumstances or otherwise. For a discussion of potential risks and uncertainties, please refer to the risk factors listed in our SEC filings. Copies of our filings are available from our Investor Relations department or from the SEC website, [www.sec.gov](http://www.sec.gov).

# Business Strategy

1 Focused on high growth application segments fueled by key mega-trends

2 Leverage unique HPMS capabilities to power new product engine

3 Multiple growth drivers across a range of target applications

4 Margin expansion into long-term model

5 Capital structure de-leveraging

Above-market  
Sales Growth



Unparalleled  
Earnings Leverage



# Focused on Growth from Key Mega Trends

Key Mega-Trends (>\$1,100 billion spend<sup>1</sup>)



Energy  
Efficiency



Connected  
Devices



Security



Health

require

## High-Performance Mixed-Signal Solutions

Application-optimized analog and digital solutions that help our customers to truly differentiate their products in terms of features, cost and time to market

to address

## Highest Growth Segments in 8 Priority Application Areas

Automotive



Identification



Wireless  
Infrastructure



Lighting



Industrial



Mobile



Consumer



Computing



# Competitive HPMS Product Franchises

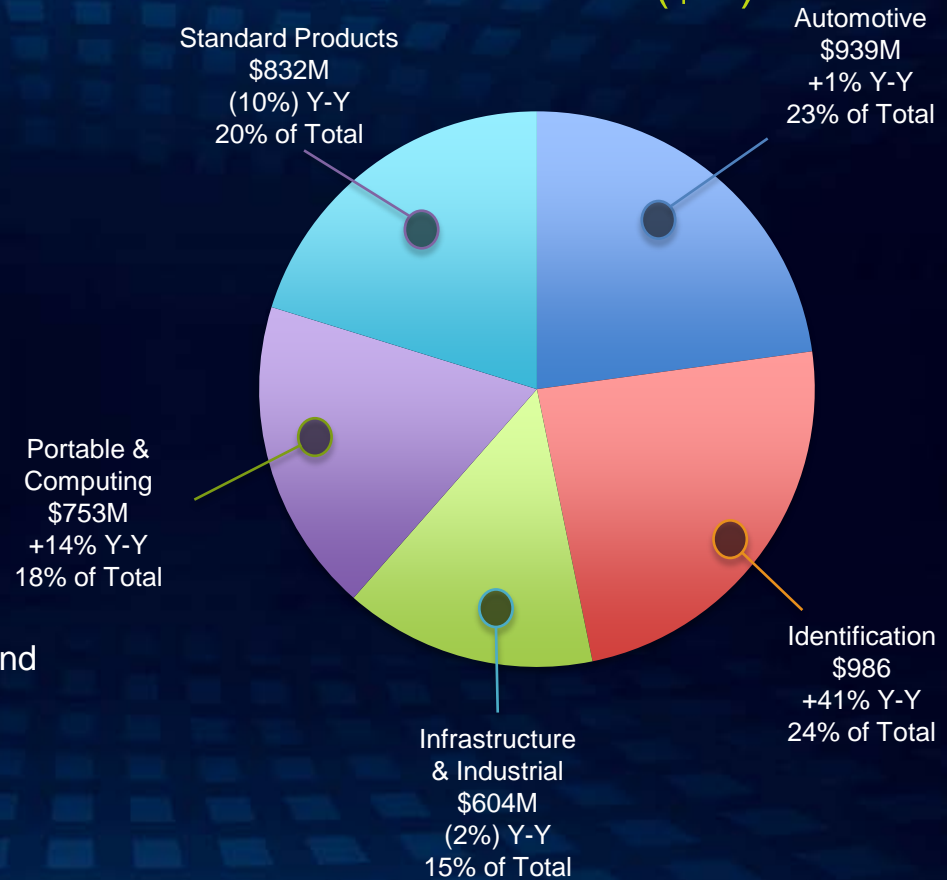
## Characteristics of HPMS Market

- Large and fast growing
- Broad and diverse customer base
- High barriers to entry
- “Sticky” customer relationships
- Long product life cycles
- Greater price stability
- Sustainable and higher margins

## Competitive Advantages

- Deep IP and patent portfolio
- Leading RF, cryptography, mixed-signal, power and system design capabilities
- Broad mixed signal product portfolio
- Differentiated process technology
- World-class mixed-signal and packaging manufacturing assets

## 2012 Product Segment Contribution (\$M)



# NXP Business Trends

## Revenue (\$M)



## Non-GAAP Gross Margin



## Non-GAAP Operating Margin

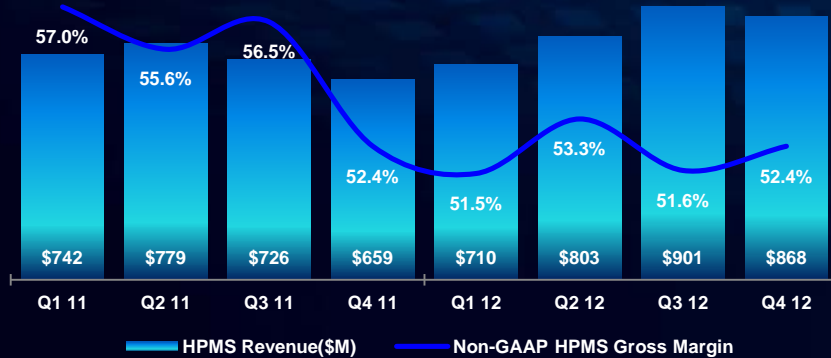


## Adj. EBITDA Margin

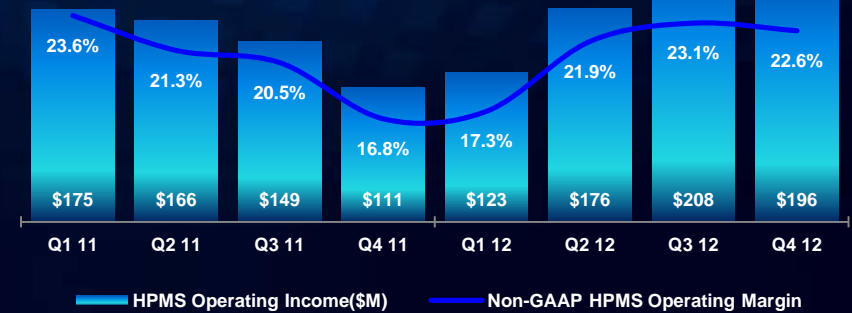


# Business Segment Revenue and Margin Trends

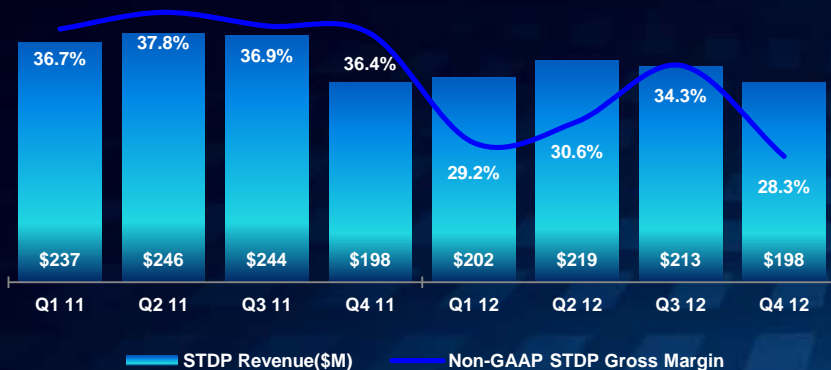
## HPMS Revenue and Gross Margin



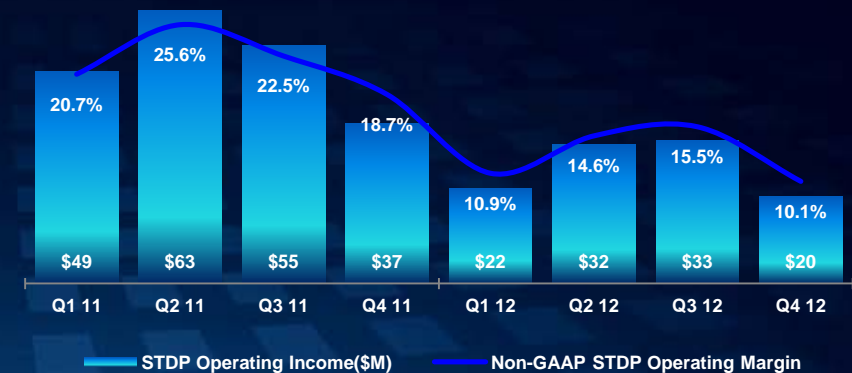
## HPMS Operating Income and Margin



## STDP Revenue and Gross Margin



## STDP Operating Income and Margin



# HPMS Revenue Business Trends<sup>(1)</sup> (\$M)

## Automotive



## Identification



## Infrastructure and Industrial



## Portable and Computing



Note:

1. As of 2Q12, prior end market definitions for "Wireless Infrastructure, Lighting and Industrial" and "Mobile, Consumer and Computing" have been redefined to align internal management organization. All prior periods have been realigned to conform with new end market definitions



# Identification

2012 Revenue = \$986M, 24% Product Revenue

## Key Positions



## Emerging Growth Engines



## Aligned with Market Leaders



## Highlights

- **Secular market trends and solutions**
  - Electronic Mobile Payments → SmartMX™
  - Security & Trusted Access → Smart@ID™
  - Secure Connected Mobility → MIFARE™
  - Counterfeit prevention
- **Market leader and innovator in identification market**
  - Co-inventor of NFC with broad IP patent portfolio
  - Leader in field proven contactless interoperability
  - Proven vendor with complete NFC solution
  - Strategic collaboration with Google
- **Recent innovations to drive growth**
  - NXP is driving broad-based NFC ecosystem adoption
  - Authentication / Product tagging for inventory control
  - New opportunities: e-metering, car control, telematics



# Identification Market Opportunities

	Core	Emerging
	eGovernment, Payment, Smart Mobility, Tagging, Infrastructure	Mobile Transactions (excl. Bulk-SIM), Authentication
<b>Market Size<sup>1</sup></b>	<b>\$1.47B</b>	<b>\$0.36B</b>
<b>Market Growth Rate<sup>2</sup></b>	<b>12%</b>	<b>37%</b>
<b>Market Share<sup>3</sup></b>	<b>44%</b>	<b>12%</b>
<b>NXP Rank<sup>4</sup></b>	<b>#1</b>	<b>#1 in Mobile, entering Authentication</b>
<b>Key Products</b>	<ul style="list-style-type: none"> <li>• End to end system solutions</li> <li>• Secure Microcontrollers for Contact &amp; Contactless applications</li> <li>• Secure software</li> <li>• Packaging &amp; antenna solutions</li> </ul>	<ul style="list-style-type: none"> <li>• End to end system solutions</li> <li>• NFC Radio and Secure Elements for embedded, SWP-SIM and microSD</li> <li>• Secure software</li> <li>• Packaging &amp; antenna solutions</li> </ul>
<b>Key Competitors</b>	<ul style="list-style-type: none"> <li>• IFX</li> <li>• Renesas</li> </ul>	<ul style="list-style-type: none"> <li>• SSG</li> <li>• BRCM</li> <li>• STM</li> <li>• INSD</li> </ul>

Source:

(1) Market size based on NXP CMI internal research of applicable peers for 2011; (2) Market growth rate is 3-yr. CAGR based on NXP CMI research for 2012 – 2015;

(3) Market share based on NXP CMI internal research versus applicable peers for 2011; (4) NXP rank based on NXP CMI research in 2011

# Portable and Computing

2012 Revenue = \$753M, 18% Product Revenue

## Key Positions



32-bit ARM MCU



Interface ICs: PC, Bridging ICs, UARTS, LP RTC  
General Purpose Logic – Switches

## Emerging Growth Engines



## Aligned with Market Leaders



## Highlights

- **Secular market trends**
  - Increased demand for energy efficiency
  - Low power mixed-signal integration
  - Shift toward embedded ARM-architecture
- **Multi-market leader**
  - High-speed interface product portfolio focused on
    - Portable applications
    - Enterprise computing applications
  - 32-bit ARM MCU
    - Focused on ARM M0, M3, M4 cores
    - Leverage broad analog interface IP portfolio
    - Industrial, white goods and mobile focus
  - Broad general purpose logic
    - Emerging load-switching opportunities
- **Recent innovations to drive growth**
  - High-speed system management
    - Voltage level shifting
    - Mobile-LED lighting management
  - Semi-custom high-speed interface products
    - Leveraging IP and applications knowledge

# Portable & Computing Market Opportunities

	Core			Emerging
	Interface Products	MCU	Logic	Mobility
<b>Market Size<sup>1</sup></b>	\$2.1B	\$3B	\$1.5B	\$5B
<b>Market Growth Rate<sup>2</sup></b>	4%	4%	2%	10%
<b>Market Share<sup>3</sup></b>	11%	7%	22%	0%
<b>NXP Rank<sup>4</sup></b>	#1 I2C, Multiprotocol	#11 MCU	#1 Volume, Auto, Mobile	N/A
<b>Key Products</b>	<ul style="list-style-type: none"> <li>• Auto Display Drivers</li> <li>• Display Port</li> <li>• Thunderbolt</li> <li>• GPIO</li> <li>• UART</li> <li>• Level Shifters</li> </ul>	<ul style="list-style-type: none"> <li>• Industrial Control</li> <li>• Building Automation</li> <li>• Consumer</li> </ul>	<ul style="list-style-type: none"> <li>• Voltage Translators</li> <li>• Data Mux</li> <li>• Logic Gates</li> </ul>	<ul style="list-style-type: none"> <li>• Smart Power</li> <li>• High Speed Smart Switches</li> <li>• Connector Hub</li> <li>• Sensor Hub</li> </ul>
<b>Key Competitors</b>	<ul style="list-style-type: none"> <li>• TXN</li> <li>• ADI</li> <li>• STM</li> </ul>	<ul style="list-style-type: none"> <li>• STM</li> <li>• FSL</li> <li>• Renesas</li> </ul>	<ul style="list-style-type: none"> <li>• TXN</li> <li>• ONNN</li> </ul>	<ul style="list-style-type: none"> <li>• TXN</li> <li>• STM</li> <li>• MXIM</li> </ul>

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(1) Market size based on NXP CMI internal research of applicable peers for 2011; (2) Market growth rate is 3-yr. CAGR based on NXP CMI research for 2012 – 2015;

(3) Market share based on NXP CMI internal research versus applicable peers for 2011; (4) NXP rank based on NXP CMI research in 2011



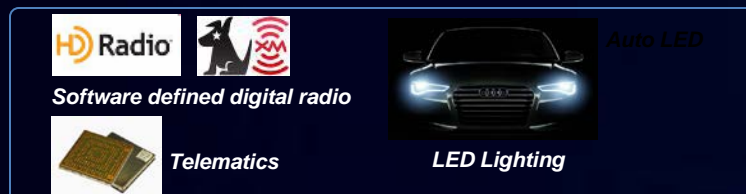
# Automotive

2012 Revenue = \$939M, 23% Product Revenue

## Key Positions



## Emerging Growth Engines

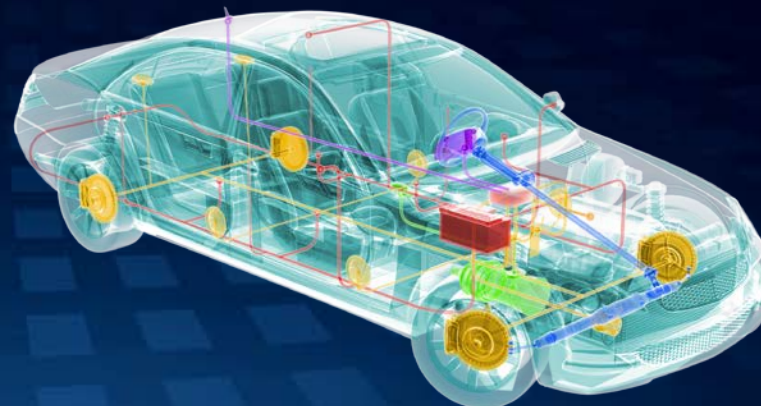


## Aligned with Market Leaders



## Highlights

- **Secular market trends and characteristics**
  - Focus on reduced CO<sub>2</sub>, mobility and convenience
  - High barriers to entry and long product life-cycles
  - Auto electronics market to grow above market
    - High growth in BRIC countries
- **Market leader for > 80% of automotive revenue**
  - #3 in China, #5 world-wide
  - Focus on high margin segments
- **Recent innovations to drive growth**
  - First multi-standard digital software-defined radio
  - First single-chip digital radio for terrestrial radio
  - First with new “FlexRay” in-car networking standard



# Automotive Market Opportunities

	Core				Emerging
	Car Entertainment	In-Vehicle Networking	Car Access	Magnetic Sensors	Business
<b>Market Size<sup>1</sup></b>	<b>\$1.2B</b>	<b>\$0.5B</b>	<b>\$0.4B</b>	<b>\$0.8B</b>	<b>\$0.2B</b>
<b>Market Growth Rate<sup>2</sup></b>	<b>6%</b>	<b>6%</b>	<b>6%</b>	<b>5%</b>	<b>40%</b>
<b>Market Share<sup>3</sup></b>	<b>35%</b>	<b>52%</b>	<b>41%</b>	<b>12%</b>	<b>0%</b>
<b>NXP Rank<sup>4</sup></b>	<b>#1</b>	<b>#1</b>	<b>#1</b>	<b>#3</b>	<b>N/A</b>
<b>RMS<sup>5</sup></b>	<b>1.5</b>	<b>2.3</b>	<b>2.6</b>	<b>0.4</b>	<b>N/A</b>
<b>Key Products</b>	<ul style="list-style-type: none"> <li>• Tuners</li> <li>• DSPs</li> <li>• Audio Amps</li> </ul>	<ul style="list-style-type: none"> <li>• CAN/LIN</li> <li>• FlexRay</li> <li>• Ethernet</li> </ul>	<ul style="list-style-type: none"> <li>• Immobilization</li> <li>• Keyless Entry/Go</li> <li>• SmartKey</li> </ul>	<ul style="list-style-type: none"> <li>• ABS Sensors</li> <li>• Angular Sensors</li> <li>• Temp. Sensors</li> </ul>	<ul style="list-style-type: none"> <li>• LED Drivers</li> <li>• Intelligent Traffic Management</li> </ul>
<b>Key Competitors</b>	<ul style="list-style-type: none"> <li>• STM</li> <li>• TXN</li> <li>• SLAB</li> </ul>	<ul style="list-style-type: none"> <li>• IFX</li> <li>• ATML</li> <li>• TXN</li> </ul>	<ul style="list-style-type: none"> <li>• TXN</li> <li>• ATML</li> </ul>	<ul style="list-style-type: none"> <li>• IFX</li> <li>• Allegro</li> <li>• MELE</li> </ul>	<ul style="list-style-type: none"> <li>• LLTC</li> <li>• TXN</li> </ul>

Source:

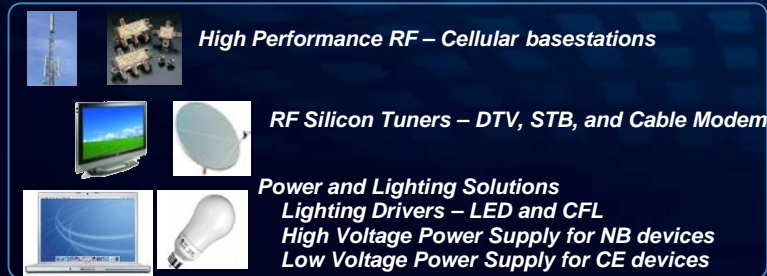
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(3) Market share based on NXP CMI internal research versus applicable peers for 2011; (4) NXP rank 2011; (5) Relative Market Share 2011

# Infrastructure and Industrial

2012 Revenue = \$604M, 15% Product Revenue

## Key Positions



## Emerging Growth Engines

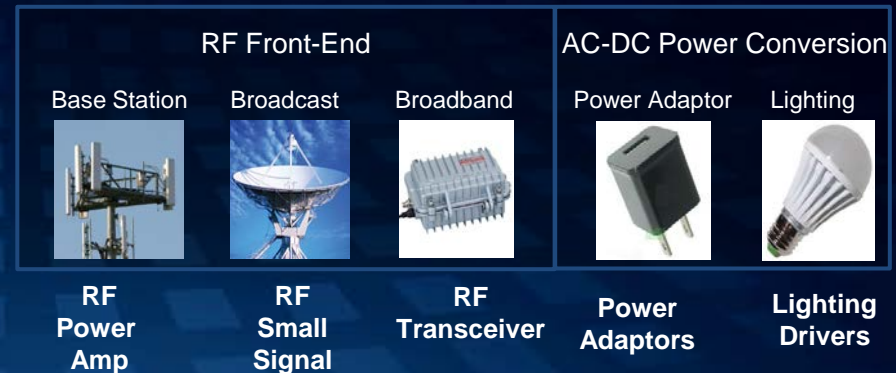


## Aligned with Market Leaders



## Highlights

- **Secular market trends**
  - Mobile data usage driving cellular base-station upgrade
  - Increased demand for energy efficient lighting
  - Emerging market for centralized smart grid control
- **Market leader**
  - Market leader in RF silicon tuners for DTV/STB/CMTS
  - Innovator of *GreenChip* high voltage power supply
  - Innovator in low power networked environmental control
    - Lighting control (CFL and LED)
    - Low power RF - wireless access (IEEE 802.15)
- **Recent innovations to drive growth**
  - Smart home RF connectivity
  - Focus on low voltage power supply
  - Personal Health portfolio based on low power RF



# Infrastructure & Industrial Market Opportunities

	Mature	Core				Emerging
	RF Transceivers	High Performance RF		Power & Lighting Solutions		Emerging Business
		Power Amplifier	Small Signal	Power Adapters	Lighting Drivers	
Market Size <sup>1</sup>	\$0.51B	\$0.93B	\$1.10B	\$0.62B	\$0.18B	\$1.35B
Market Growth Rate <sup>2</sup>	2%	4%	6%	5%	19%	14%
Market Share <sup>3</sup>	24%	23%	11%	8%	16%	3%
NXP Rank <sup>4</sup>	#1	#2	#3	#4	#1	N/A
Key Products	<ul style="list-style-type: none"> <li>• Silicon Tuners</li> </ul>	<ul style="list-style-type: none"> <li>• BST PA &amp; MMIC</li> <li>• Broadcast PA</li> <li>• A&amp;D PA</li> </ul>	<ul style="list-style-type: none"> <li>• LNA, VGA</li> <li>• BST IC's</li> <li>• Building blocks</li> </ul>	<ul style="list-style-type: none"> <li>• AC/DC Controllers</li> <li>• AC/DC Regulators</li> </ul>	<ul style="list-style-type: none"> <li>• TL/HID drivers</li> <li>• CFL drivers</li> <li>• LED drivers</li> </ul>	<ul style="list-style-type: none"> <li>• Smart Audio Amplifier</li> <li>• Healthcare</li> <li>• Low power RF</li> <li>• IPCAM</li> </ul>
Key Competitors	<ul style="list-style-type: none"> <li>• MXL</li> <li>• SLAB</li> <li>• RDA</li> </ul>	<ul style="list-style-type: none"> <li>• FSL</li> <li>• IFX</li> </ul>	<ul style="list-style-type: none"> <li>• ADI</li> <li>• TXN</li> <li>• SWKS</li> <li>• HITT</li> </ul>	<ul style="list-style-type: none"> <li>• ONNN</li> <li>• STM</li> <li>• FCS</li> <li>• POWI</li> </ul>	<ul style="list-style-type: none"> <li>• POWI</li> <li>• iWatt</li> <li>• TXN</li> <li>• FCS</li> </ul>	<ul style="list-style-type: none"> <li>• TXN</li> <li>• WLF</li> <li>• SLAB</li> <li>• STM</li> </ul>

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# Standard Products

2012 Revenue = \$832M, 20% Product Revenue

- Solutions for energy efficiency and system protection leveraging integration and packaging leadership
- Commitment to quality – product failure rate measured in parts per billion (ppb)
- Broad Portfolio - Approximately 45% of all Standard Products are “designed-in”
- Benefits of Standard Products to HPMS segment
  - Market Reach: Strong distribution footprint (#2 worldwide)
  - Industry Scale: Vast in-house back-end manufacturing output (>70B units/yr)

## Discretes



#2 worldwide in small signal diodes & transistors, #1 in pure ESD Protection devices

## Standard Linear



Voltage regulators for the mobile, computing & consumer markets

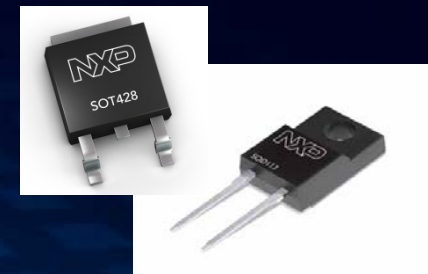
## PowerMOS



Low voltage power MOSFETs for automotive & high speed switching applications

LFPak, the toughest PowerSO8

## Bipolar Power



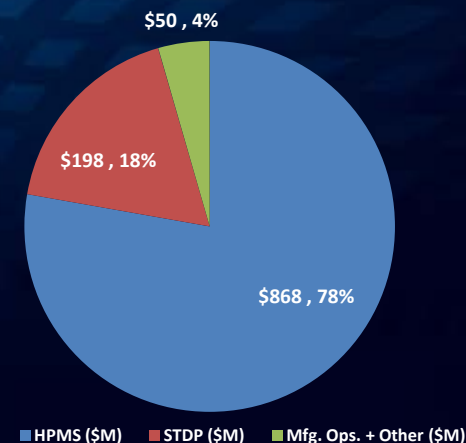
China-based manufacturer of rectifiers & thyristors

# Q4 2012 Quarterly Revenue and Operating Income

## GAAP Financial Summary

(\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y Variance Q4 '11 – Q4 '12	Q-Q Variance Q3 '12 – Q4 '12
<b>Product Revenue</b>	<b>1,066</b>	<b>1,114</b>	<b>857</b>	<b>209</b>	<b>(48)</b>
<b>All Other</b>	<b><u>50</u></b>	<b><u>56</u></b>	<b><u>74</u></b>	<b><u>(24)</u></b>	<b><u>(6)</u></b>
<b>Total Revenue</b>	<b>1,116</b>	<b>1,170</b>	<b>931</b>	<b>185</b>	<b>(54)</b>
<b>Gross Profit</b>	<b>490</b>	<b>536</b>	<b>389</b>	<b>101</b>	<b>(46)</b>
Percent of total revenue	43.9%	45.8%	41.8%	2.1pts.	(1.9pts.)
<b>Operating income</b>	<b>33</b>	<b>168</b>	<b>7</b>	<b>26</b>	<b>(135)</b>
Percent of total revenue	3%	14.4%	0.8%	2.2pts.	(11.4pts.)

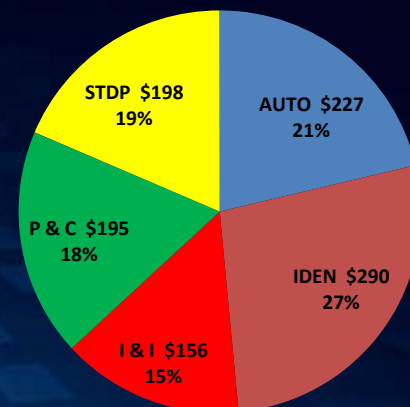
Quarterly Segment Revenue:



## Non-GAAP Financial Summary

(\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y Variance Q3 '11 – Q3 '12	Q-Q Variance Q2 '12 – Q3 '12
<b>Gross Profit</b>	<b>514</b>	<b>542</b>	<b>423</b>	<b>91</b>	<b>(28)</b>
Percent of total revenue	46.1%	46.3%	45.4%	0.6pts.	(0.3pts.)
<b>Operating income</b>	<b>209</b>	<b>232</b>	<b>148</b>	<b>61</b>	<b>(23)</b>
Percent of total revenue	18.7%	19.8%	15.9%	2.8pts.	(1.1pts.)

Quarterly Product Revenue  
(% of Product Revenue):



# Q4 2012 Business Segment Performance

## GAAP Financial Summary

HPMS (\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y	Q-Q
Revenue	868	901	659	209	(33)
Gross Profit	453	463	321	132	(10)
Gross Margin	52.2%	51.4%	48.7%	3.5pts.	0.8pts.
Operating income	119	178	20	99	(59)
Operating Margin	13.7%	19.8%	3.0%	10.7pts.	(6.1pts.)

STDP (\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y	Q-Q
Revenue	198	213	198	-	(15)
Gross Profit	41	73	67	(26)	(32)
Gross Margin	20.7%	34.3%	33.8%	(13.1pts.)	(13.6pts.)
Operating income	(12)	22	17	(29)	(34)
Operating Margin	(6.1%)	10.3%	8.6%	(14.7pts.)	(16.4pts.)

## Non-GAAP Financial Summary

HPMS (\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y	Q-Q
Gross Profit	455	465	345	110	(10)
Gross Margin	52.4%	51.6%	52.4%	0.0pts.	0.8pts.
Operating income	196	208	111	85	(12)
Operating Margin	22.6%	23.1%	16.8%	5.8pts.	(0.5pts.)

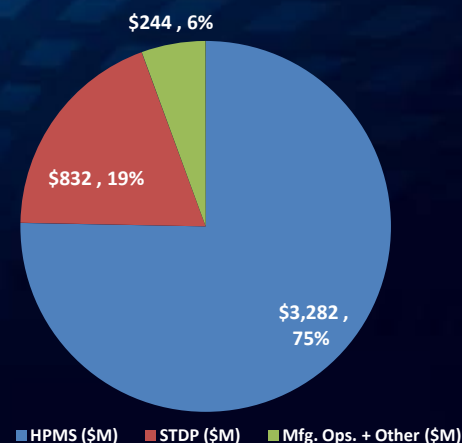
STDP (\$ in millions)	Q4 2012	Q3 2012	Q4 2011	Y-Y	Q-Q
Gross Profit	56	73	72	(16)	(17)
Gross Margin	28.3%	34.3%	36.4%	(8.1pts.)	(6.0pts.)
Operating income	20	33	37	(17)	(13)
Operating Margin	10.1%	15.5%	18.7%	(8.6pts.)	(5.4pts.)

# 2012 Annual Revenue and Operating Income

## GAAP Financial Summary

(\$ in millions)	2012	2011	2010	2009	Y-Y Variance 2012 – 2011
<b>Product Revenue</b>	4,114	3,831	3,694	2,578	283
<b>All Other</b>	<u>244</u>	<u>363</u>	<u>708</u>	<u>941</u>	<u>(119)</u>
<b>Total Revenue</b>	<b>4,358</b>	<b>4,194</b>	<b>4,402</b>	<b>3,519</b>	<b>164</b>
<b>Gross Profit</b>	<b>1,988</b>	<b>1,906</b>	<b>1,823</b>	<b>898</b>	<b>82</b>
Percent of total revenue	45.6%	45.4%	41.4%	25.5%	0.2pts.
<b>Operating income</b>	<b>412</b>	<b>357</b>	<b>273</b>	<b>(931)</b>	<b>55</b>
Percent of total revenue	9.5%	8.5%	6.2%	(26.5%)	1.0pts.

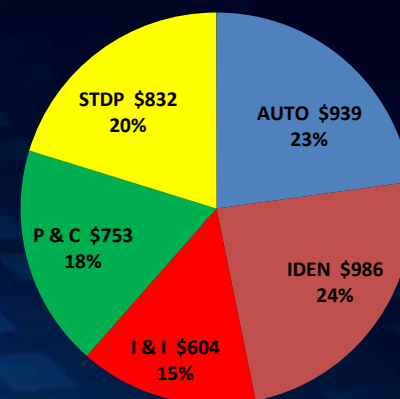
## Annual Segment Revenue:



## Non-GAAP Financial Summary

(\$ in millions)	2012	2011	2010	2009	Y-Y Variance 2012 – 2011
<b>Gross Profit</b>	<b>1,994</b>	<b>1,988</b>	<b>1,875</b>	<b>1,125</b>	<b>6</b>
Percent of total revenue	45.8%	47.4%	42.6%	32.0%	(1.6pts.)
<b>Operating income</b>	<b>786</b>	<b>810</b>	<b>685</b>	<b>(147)</b>	<b>(24)</b>
Percent of total revenue	18.0%	19.3%	15.6%	(4.2%)	(1.3pts.)

## Annual Product Revenue (% of Product Revenue):





# 2012 Annual Business Segment Performance

## GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Y-Y</b>
<b>Revenue</b>	<b>3,282</b>	<b>2,906</b>	<b>2,846</b>	<b>2011</b>	<b>376</b>
<b>Gross Profit</b>	<b>1,745</b>	<b>1,573</b>	<b>1,525</b>	<b>785</b>	<b>172</b>
Gross Margin	53.2%	54.1%	53.6%	39.0%	(0.9pts.)
<b>Operating income</b>	<b>527</b>	<b>339</b>	<b>387</b>	<b>(187)</b>	<b>188</b>
Operating Margin	16.1%	11.7%	13.6%	(9.3%)	4.4pts.

<b>STDP</b> (\$ in millions)	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Y-Y</b>
<b>Revenue</b>	<b>832</b>	<b>925</b>	<b>848</b>	<b>567</b>	<b>(93)</b>
<b>Gross Profit</b>	<b>238</b>	<b>336</b>	<b>280</b>	<b>74</b>	<b>(98)</b>
Gross Margin	28.6%	36.3%	33.0%	13.1%	(7.7pts.)
<b>Operating income</b>	<b>37</b>	<b>141</b>	<b>91</b>	<b>(120)</b>	<b>(104)</b>
Operating Margin	4.4%	15.2%	10.7%	21.2%	(10.8pts.)

## Non-GAAP Financial Summary

<b>HPMS</b> (\$ in millions)	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Y-Y</b>
<b>Gross Profit</b>	<b>1,714</b>	<b>1,611</b>	<b>1,535</b>	<b>848</b>	<b>103</b>
Gross Margin	52.2%	55.4%	53.9%	42.2%	(3.2pts.)
<b>Operating income</b>	<b>703</b>	<b>601</b>	<b>597</b>	<b>115</b>	<b>102</b>
Operating Margin	21.4%	20.7%	21.0%	5.7%	0.7pts.

<b>STDP</b> (\$ in millions)	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>Y-Y</b>
<b>Gross Profit</b>	<b>255</b>	<b>342</b>	<b>282</b>	<b>88</b>	<b>(87)</b>
Gross Margin	30.6%	37.0%	33.3%	15.5%	(6.4pts.)
<b>Operating income</b>	<b>107</b>	<b>204</b>	<b>147</b>	<b>(44)</b>	<b>(97)</b>
Operating Margin	12.9%	22.1%	17.3%	(7.8%)	(9.2pts.)

# Annual HPMS Revenue Business Trends<sup>(1)</sup> (\$M)

## Automotive



## Identification



## Infrastructure and Industrial



## Portable and Computing



Note:

1. As of 2Q12, prior end market definitions for "Wireless Infrastructure, Lighting and Industrial" and "Mobile, Consumer and Computing" have been redefined to align internal management organization. All prior periods have been realigned to conform with new end market definitions

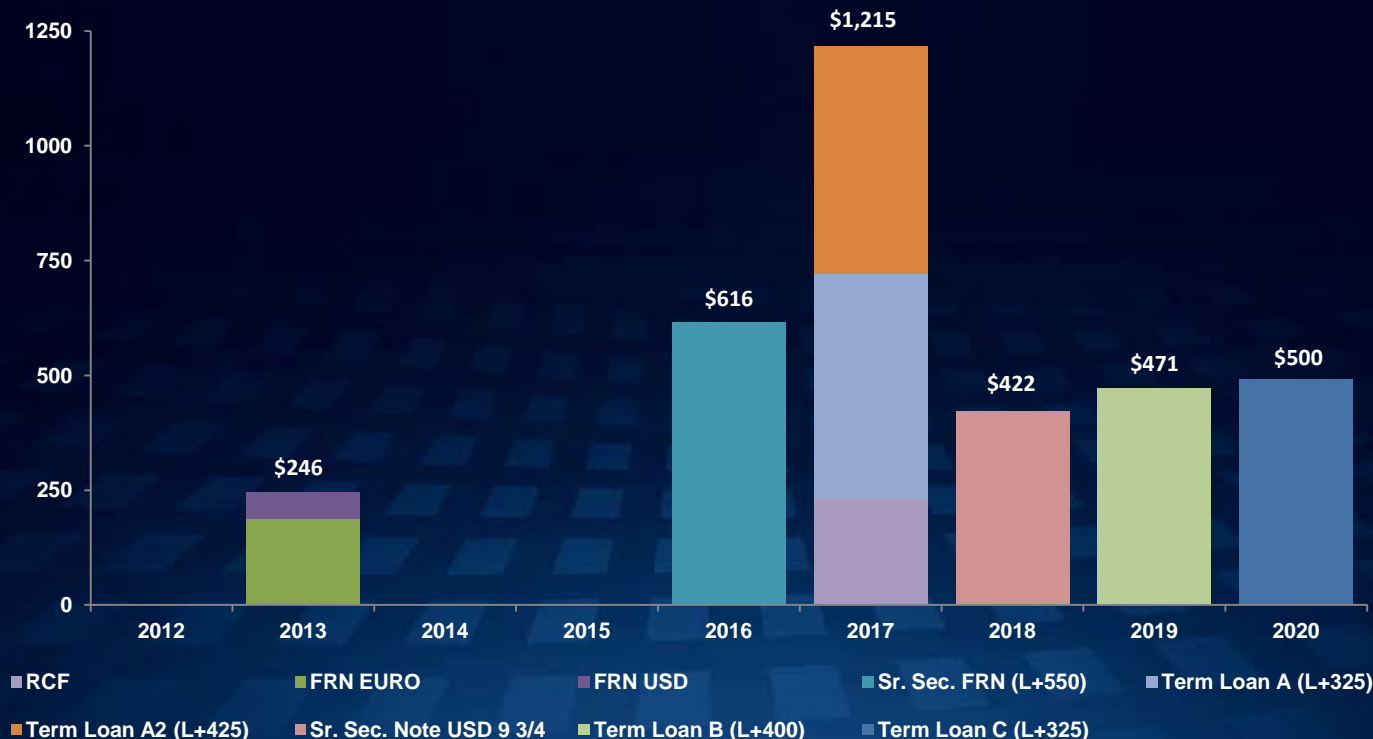
# Debt Summary Dec 2012

Debt Instrument	Sr. Secured FRN	Sr. Secured FRN	Sr. Secured FRN	Term Loan A	Term Loan A2	Sr. Secured Notes	Term Loan B	Term Loan C	Revolving Credit Facility
Issue Date	15-Oct-06	15-Oct-06	10-Nov-11	05-Mar-11	16-Dec-11	20-Jul-10	19-Mar-12	12-Dec-12	27-Apr-12
Maturity Date	15-Oct-13	15-Oct-13	10-Nov-16	04-Mar-17	04-Mar-17	01-Aug-18	03-Apr-19	11-Jan-20	01-Mar-17
Issued Amount (M)	€1,000	\$1,535	\$615	\$500	\$500	\$1,000	\$475	\$500	€620
Book Value (M)	€142	\$58	\$608	\$490	\$477	\$422	\$465	\$498	€174
Outstanding Amount (M)	€142	\$58	\$616	\$491	\$494	\$422	\$471	\$500	€174
Coupon	Libor	Libor	Libor	Libor	Libor	9.75%	Libor	Libor	Libor
	+ 275 bps	+ 275 bps	+ 550 bps	+ 325 bps	+ 425 bps		+ 400 bps	+ 350bps	+ 250 bps
Rating									
Moody's	B2	B2	B2	B2	B2	B2	B2	B2	B1
Standard & Poor's	B+	B+	B+	B+	B+	B+	B+	B+	BB
Total Debt Outstanding (\$M)	\$	3,469							
Total Cash (\$M)	\$	617							
Net Debt (\$M)	\$	2,852							
TTM Adj. EBITDA	\$	1,042							
Net Debt / Adj. EBITDA		2.7X							
Average Cost of Debt		5.43%							

## Outstanding Debt Maturity Profile (\$M)

USD/Euro 1.319

95% Debt USD Denominated



# Working Capital Ratios

## DSO



## DPO



## DIO



## Cash Conversion Cycle



DSO =  $(91.25 \times \text{AR}) / \text{Revenue}$   
 DPO =  $(91.25 \times \text{AP}) / \text{GAAP COGS}$

DIO =  $(91.25 \times \text{Inventory}) / \text{GAAP COGS}$   
 Cash Conversion Cycle = DIO + DSO - DPO



# Guidance for the First Quarter of 2013<sup>(1)</sup>

	Guidance Range		
	<u>Low</u>	<u>Mid</u>	<u>High</u>
<b>Product Revenue</b>	\$ 1,027	\$ 1,043	\$ 1,058
Q-Q	-4%	-2%	-1%
<b>Mfg. &amp; Other Revenue</b>	\$ 24	\$ 24	\$ 24
<b>Total Revenue</b>	\$ 1,051	\$ 1,067	\$ 1,082
Q-Q	-6%	-4%	-3%
<b>Non-GAAP Gross Profit</b>	\$ 497	\$ 504	\$ 511
Non-GAAP Gross Margin	47%	47%	47%
<b>Non-GAAP Operating Income</b>	\$ 193	\$ 198	\$ 202
Non-GAAP Operating Margin	18%	19%	19%
Interest Expense	\$ 50	\$ 50	\$ 50
Cash Taxes	\$ 9	\$ 9	\$ 9
Non-controlling Interest	\$ 13	\$ 13	\$ 13
<b>Non-GAAP Net Income</b>	\$ 121	\$ 126	\$ 130
Ave. Diluted Shares	255	255	255
<b>Non - GAAP EPS</b>	\$ 0.47	\$ 0.49	\$ 0.51

Product Revenue trends at the mid-point of 1Q13 guidance:

1. Automotive is expected to be down low single digit range Q-Q;
2. Identification is expected to be down low single digit range Q-Q;
3. Infrastructure and Industrial is expected to be down low single digit range Q-Q;
4. Portable and Computing is expected to be down about 10% Q-Q;
5. Standard Products is expected to be up low single digit range Q-Q

Note (1): NXP has based the guidance included in our earnings press release issued on January 31, 2013 on judgments and estimates that management believes are reasonable given its assessment of historical trends and other information reasonably available as of the date of this earnings press release. The guidance included in this release consists of predictions only, and is subject to a wide range of known and unknown risks and uncertainties, many of which are beyond NXP's control. The guidance included in this release should not be regarded as representations by NXP that the estimated results will be achieved. Actual results may vary materially from the guidance we provided in our earnings press release issued on January 31, 2013. In relation to the use of non-GAAP financial information see the note regarding "Use of Non-GAAP Financial Information" included in our earnings press release issued on January 31, 2013. For the factors, risks and uncertainties to which judgments, estimates and forward-looking statements generally are subject see the note regarding "Forward-looking Statements." We undertake no obligation to publicly update or revise any forward-looking statements, including the guidance set forth in our earnings press release issued on January 31, 2013, to reflect future events or circumstances. Considering the uncertain magnitude and variability of the foreign exchange consequences upon "PPA effects", "restructuring costs", "other incidental items" and any interest expense or taxes in future periods, management believes that GAAP financial measures are not available for NXP on a forward looking basis.

# Target Financial Model

	HPMS Target	SP Target <sup>(1)</sup>	NXP Target <sup>(2)</sup>
<b>Revenue</b>	> Market Growth	@ Market Growth	> Market growth
Product Revenue Mix	>80%	<20%	
<b>Non-GAAP Gross Margin</b>	58 - 63%	33 - 39%	52 - 56%
<b>Non-GAAP Operating Margin</b>	24 - 29%	18 - 23%	23 - 28%
<b>Long-term Tax Rate</b>			12% - 14% <sup>(3)</sup>
<b>Capex</b>			~5% over a cycle
<b>NWC</b>			DSO 40-45 Days DIO 75-85 Days DPO 70-80 Days
<b>Depreciation</b>			6 - 7% of sales, decreasing
<b>Net Debt / adj. EBITDA</b>			Investment grade

Notes:

1. Reflects new target operating model for Standard Products after divestment of Sound Solutions business
2. Non-product Manufacturing, Corporate and Other business to be less than 10% total revenue at target
3. Cash taxes are expected to be \$40 - \$60 million per year for next several years as NXP utilizes tax loss carry-forwards

# Q4 2012 Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	Q4 2012	Q3 2012	Q4 2011
<b>Total Revenue</b>	<b>1,116</b>	<b>1,170</b>	<b>931</b>
<b>GAAP Gross Profit</b>	<b>490</b>	<b>536</b>	<b>389</b>
Gross profit adjustments	(24)	(6)	(34)
<b>Non - GAAP Gross Profit</b>	<b>514</b>	<b>542</b>	<b>423</b>
<b>GAAP Gross Margin</b>	<b>43.9%</b>	<b>45.8%</b>	<b>41.8%</b>
<b>Non-GAAP Gross Margin</b>	<b>46.1%</b>	<b>46.3%</b>	<b>45.4%</b>
<b>GAAP Operating income (loss)</b>	<b>33</b>	<b>168</b>	<b>7</b>
Operating income adjustments	(176)	(64)	(141)
<b>Non - GAAP Operating income (loss)</b>	<b>209</b>	<b>232</b>	<b>148</b>
<b>GAAP Operating Margin</b>	<b>3.0%</b>	<b>14.4%</b>	<b>0.8%</b>
<b>Non-GAAP Operating Margin</b>	<b>18.7%</b>	<b>19.8%</b>	<b>15.9%</b>
<b>GAAP Financial income (expense)</b>	<b>(153)</b>	<b>(33)</b>	<b>(165)</b>
Financial income adjustments	(98)	32	(91)
<b>Non - GAAP Financial income (expense)</b>	<b>(55)</b>	<b>(65)</b>	<b>(74)</b>
<b>GAAP Income tax benefit (expense)</b>	<b>7</b>	<b>(6)</b>	<b>(2)</b>
Adjustments	17	3	4
<b>Non - GAAP Cash tax (expense)<sup>(1)</sup></b>	<b>(10)</b>	<b>(9)</b>	<b>(6)</b>
<b>GAAP Net income (loss) attributable to shareholders</b>	<b>(116)</b>	<b>115</b>	<b>(182)</b>
Net income (loss) adjustments	(242) <sup>(2)</sup>	(27)	(241)
<b>Non - GAAP Net income (loss) attributable to shareholders</b>	<b>126<sup>(3)</sup></b>	<b>142</b>	<b>59</b>
<b>GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>(0.47)</b>	<b>0.45</b>	<b>(0.73)</b>
<b>Non - GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>0.50</b>	<b>0.56</b>	<b>0.24</b>

1. Cash income taxes paid during the period

2. Includes:

- PPA effects: (\$66M);
- Restructuring: (\$98M);
- Other incidentals: (\$12M);
- Foreign exchange gain (loss) on debt: \$31M;
- Loss on extinguishment of LT debt: (\$114M)
- Other financial expense: (\$15M);
- Results relating to equity-accounted investees: \$15M;
- Difference between book and cash income taxes: \$17M

3. Includes:

- Stock-based compensation expense: \$16M

# 2012 Financial Reconciliation (GAAP to non-GAAP)

(\$ in millions, unless otherwise stated)	2012	2011	2010	2009
<b>Total Revenue</b>	<b>4,358</b>	<b>4,194</b>	<b>4,402</b>	<b>3,519</b>
<b>GAAP Gross Profit</b>	<b>1,988</b>	<b>1,906</b>	<b>1,823</b>	<b>898</b>
Gross profit adjustments	(6)	(82)	(52)	(227)
<b>Non - GAAP Gross Profit</b>	<b>1,994</b>	<b>1,988</b>	<b>1,875</b>	<b>1,125</b>
<b>GAAP Gross Margin</b>	<b>45.6%</b>	<b>45.4%</b>	<b>41.4%</b>	<b>25.5%</b>
<b>Non-GAAP Gross Margin</b>	<b>45.8%</b>	<b>47.4%</b>	<b>42.6%</b>	<b>32.0%</b>
<b>GAAP Operating income (loss)</b>	<b>412</b>	<b>357</b>	<b>273</b>	<b>(931)</b>
Operating income adjustments	(374)	(453)	(412)	(784)
<b>Non - GAAP Operating income (loss)</b>	<b>786</b>	<b>810</b>	<b>685</b>	<b>(147)</b>
<b>GAAP Operating Margin</b>	<b>9.5%</b>	<b>8.5%</b>	<b>6.2%</b>	<b>(26.5%)</b>
<b>Non-GAAP Operating Margin</b>	<b>18.0%</b>	<b>19.3%</b>	<b>15.6%</b>	<b>(4.2%)</b>
<b>GAAP Financial income (expense)</b>	<b>(437)</b>	<b>(257)</b>	<b>(628)</b>	<b>682</b>
Financial income adjustments	(171)	50	(310)	1,041
<b>Non - GAAP Financial income (expense)</b>	<b>(266)</b>	<b>(307)</b>	<b>(318)</b>	<b>(359)</b>
<b>GAAP Income tax benefit (expense)</b>	<b>(1)</b>	<b>(21)</b>	<b>(24)</b>	<b>(10)</b>
Adjustments	27	4	(5)	40
<b>Non - GAAP Cash tax (expense)<sup>(1)</sup></b>	<b>(28)</b>	<b>(25)</b>	<b>(19)</b>	<b>(50)</b>
<b>GAAP Net income (loss) attributable to shareholders</b>	<b>(115)</b>	<b>390</b>	<b>(456)</b>	<b>(167)</b>
Net income (loss) adjustments	(544) <sup>(2)</sup>	(42)	(754)	403
<b>Non - GAAP Net income (loss) attributable to shareholders</b>	<b>429<sup>(3)</sup></b>	<b>432</b>	<b>298</b>	<b>(570)</b>
<b>GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>(0.46)</b>	<b>1.57</b>	<b>(1.99)</b>	<b>(0.78)</b>
<b>Non - GAAP Diluted net income (loss) per share attributable to shareholders</b>	<b>1.70</b>	<b>1.71</b>	<b>1.28</b>	<b>(2.65)</b>

1. Cash income taxes paid during the period
2. Includes:
  - PPA effects: (\$273M);
  - Restructuring: (\$111M);
  - Other incidentals: (\$36M);
  - Other adjustments to Cost of Revenue: \$46M;
  - Foreign exchange gain (loss) on debt: \$28M;
  - Loss on extinguishment of LT debt: (\$161M)
  - Other financial expense: (\$38M);
  - Results relating to equity-accounted investees: (\$27M);
  - Difference between book and cash income taxes: \$27M
3. Includes:
  - Stock-based compensation expense: \$48M



# Quarterly Cash Flow Overview (\$M)

	Q4 2012	Q3 2012	Q4 2011
<b>Net cash provided by (used for) operating activities</b>	<b>164</b>	<b>192</b>	<b>(34)</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(45)</b>	<b>(71)</b>	<b>(33)</b>
<b>Net cash provided by (used for) financing activities</b>	<b>(209)</b>	<b>(258)</b>	<b>(12)</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>(90)</b>	<b>(137)</b>	<b>(79)</b>
Net cash provided by (used for) discontinued operations	-	-	(31)
Effects of changes in exchange rates on cash position	5	2	(12)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(85)</b>	<b>(135)</b>	<b>(122)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>702</b>	<b>837</b>	<b>865</b>
<b>Cash and cash equivalents at end of period</b>	<b>617</b>	<b>702</b>	<b>743</b>
Less cash – discontinued operations	-	-	-
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>617</b>	<b>702</b>	<b>743</b>

# Annual Cash Flow Overview (\$M)

	2012	2011	2010	2009
<b>Net cash provided by (used for) operating activities</b>	<b>722</b>	<b>175</b>	<b>361</b>	<b>(701)</b>
<b>Net cash provided by (used for) investing activities</b>	<b>(243)</b>	<b>(202)</b>	<b>(269)</b>	<b>63</b>
<b>Net cash provided by (used for) financing activities</b>	<b>(574)</b>	<b>(926)</b>	<b>(157)</b>	<b>(109)</b>
<b>Net cash provided by (used for) continuing operations</b>	<b>(95)</b>	<b>(953)</b>	<b>(65)</b>	<b>(747)</b>
Net cash provided by (used for) discontinued operations	(45)	809	(5)	-
Effects of changes in exchange rates on cash position	14	(21)	(63)	(8)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(126)</b>	<b>(165)</b>	<b>(133)</b>	<b>(755)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>743</b>	<b>908</b>	<b>1,041</b>	<b>1,796</b>
<b>Cash and cash equivalents at end of period</b>	<b>617</b>	<b>743</b>	<b>908</b>	<b>1,041</b>
Less cash – discontinued operations	-	-	10	15
<b>Cash and cash equivalents at end of period – continuing operations</b>	<b>617</b>	<b>743</b>	<b>898</b>	<b>1,026</b>

# Quarterly Adjusted EBITDA (\$M)

	Q4 2012	Q3 2012	Q4 2011
<b>Net income (loss)</b>	<b>(98)</b>	<b>131</b>	<b>(173)</b>
Income (loss) on discontinued operations	-	-	2
<b>Income (loss) on continuing operations</b>	<b>(98)</b>	<b>131</b>	<b>(175)</b>
Reconciling items to EBITDA			
Financial (income) expense	153	33	165
(Benefit) provision for income taxes	(7)	6	2
Depreciation	63	59	78
Amortization	69	69	73
<b>EBITDA</b>	<b>180</b>	<b>298</b>	<b>143</b>
Results of equity-accounted investees	(15)	(2)	15
Restructuring <sup>1</sup>	98	3	55
Other incidental items <sup>1</sup>	11	(5)	8
Other adjustments	-	-	-
<b>Adjusted EBITDA</b>	<b>274</b>	<b>294</b>	<b>221</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,042</b>	<b>989</b>	<b>1,094</b>
1. Excluding depreciation PP&E related to			
Restructuring	-	1	4
Other incidental items	1	-	1

# Annual Adjusted EBITDA (\$M)

	2012	2011	2010	2009
<b>Net income (loss)</b>	<b>(52)</b>	<b>436</b>	<b>(406)</b>	<b>(153)</b>
Income (loss) on discontinued operations	1	434	59	32
<b>Income (loss) on continuing operations</b>	<b>(53)</b>	<b>2</b>	<b>(465)</b>	<b>(185)</b>
Reconciling items to EBITDA				
Financial (income) expense	437	257	628	(682)
(Benefit) provision for income taxes	1	21	24	10
Depreciation	247	290	389	490
Amortization	286	301	295	397
<b>EBITDA</b>	<b>918</b>	<b>871</b>	<b>871</b>	<b>30</b>
Results of equity-accounted investees	27	77	86	(74)
Restructuring <sup>1</sup>	109	85	(20)	99
Other incidental items <sup>1</sup>	34	61	84	199
Other adjustments	(46)	-	-	-
<b>Adjusted EBITDA</b>	<b>1,042</b>	<b>1,094</b>	<b>1,021</b>	<b>254</b>
<b>Trailing 12-month Adjusted EBITDA</b>	<b>1,042</b>	<b>1,094</b>	<b>1,021</b>	<b>254</b>
1. Excluding depreciation PP&E related to				
Restructuring	2	5	40	4
Other incidental items	2	1	6	42



# Positioned to Deliver Industry Leading Growth

