



CORPORATE NEWS FROM NXP

NXP Semiconductors provides update on its Fourth Quarter of 2006 financial performance

Eindhoven, the Netherlands, February 21, 2007 – NXP Semiconductors today announced it will publish its fourth quarter financial results for the period ending December 31, 2006 on March 26, 2007. On the same date, the company will publish its audited 2006 annual report, and a conference call and audiocast will be held, at which time the company will discuss financial results in more detail.

In the interim, NXP has announced its total sales during the three months ended December 31, 2006 were €1,190 million, a decrease of 12.4% compared to the same period in 2005 (6.9% excluding foreign currency effects). As compared to the third quarter of the year 2006, total sales decreased by 7.2% (6.8% excluding foreign currency effect). This decrease in sales has affected the Adjusted EBITDA (excluding one-off items, discontinued businesses, Purchase Price Accounting adjustments and including the results of Crolles) which amounted to €214 million in the last quarter of 2006. This EBITDA number reflects NXP's stand alone results and hence is not comparable to the first three quarters of 2006 when NXP was part of the Philips group. After spending approximately €88 million on the acquisition of 10.7% of the shares of SSMC during the fourth quarter of 2006, the company ended the quarter with cash and cash equivalents of €939 million as of December 31, 2006.

NXP's fourth quarter sales were primarily negatively affected by the weaker demand in the overall semiconductor industry during that period. The sales number also reflects the softening of the market for chipsets for high-end mobile phones and the fast transitioning from analog CRT TV – where NXP holds a 30%+ market share - to digital TV, an area in which NXP is still strengthening its position. These developments have impacted profitability of the Home and Mobile & Personal businesses and have resulted in the lower loading of its manufacturing facilities.

NXP has launched phase two of its business renewal program to further enhance operational performance. In addition, the recently announced acquisition in the cellular domain will improve the competitive offering in the one chip mobile phone platforms. The company has also taken measures to strengthen its sales efforts, especially in Asia.



“Despite the more challenging environment for the industry for the fourth quarter and onwards, I am pleased with the overall progress we have made in 2006, and in particular the completion of our move towards being a standalone company”, said Frans van Houten, President and CEO of NXP Semiconductors. We will continue to be focused on delivering improvements through an accelerated Business Renewal phase 2, helping us to deal effectively with the continuing market slowdown.”

Outlook

In line with the overall weakened semiconductor market environment experienced in the final months of 2006 and the normal seasonal pattern, management currently expects a sequential sales decline in the range of 7-13 percent (on a currency comparable basis) during the first quarter of 2007 compared to fourth quarter of 2006.

Special Note

This release contains forward-looking statements with respect to the financial condition, results of operations and business of NXP which are dependent on a number of risks and uncertainties. Because forward-looking statements relate to events and depend upon circumstances that will occur in the future, there are many factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements.

About NXP Semiconductors

NXP is a top 10 semiconductor company founded by Philips more than 50 years ago. Headquartered in the Netherlands, the company has 38,000 employees working in 26 countries across the world. NXP creates semiconductors, system solutions and software that deliver better sensory experiences in mobile phones, personal media players, TVs, set-top boxes, identification applications, cars and a wide range of other electronic devices. News from NXP is located at www.nxp.com.

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