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As filed with the Securities and Exchange Commission on March 13, 2012

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, 2011

OR

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

For the transition period from to

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

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)
Jean Schreurs, SVP and Senior Corporate Counsel, High Tech Campus 60, 5656 AG, Eindhoven, the Netherlands
Telephone: +31 40 2728686 / E-mail: jean.schreurs@nxp.com
(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.

Title of each class	Name of each exchange on which registered
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

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	Outstanding at December 31, 2011
Ordinary shares, par value EUR 0.20 per share	**251,751,500 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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Financial Statements

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 3. Key Information—D. Risk Factors” and “Part I—Item 5. Operating and Financial Review and Prospects—G. 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 contained in this annual report under “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Use of Certain Non-U.S. GAAP Financial Measures”.

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 107.

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.

Discontinued Operations

On July 4, 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment) to Knowles Electronics, LLC ("Knowles Electronics"), an affiliate of Dover Corporation, for $855 million in cash. The transaction resulted in a gain of $414 million, net of post-closing settlements, transaction-related costs, including working capital settlements, cash divested and taxes, which is included in income from discontinued operations. The consolidated financial statements have been reclassified for all periods presented to reflect the Sound Solutions business as a discontinued operation.

The selected historical consolidated financial data should be read in conjunction with the discussion under "Part I—Item 5. Operating and Financial Review and Prospects—A. 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, 2007[1]	2008[1]	2009[1]	2010	2011
Consolidated Statements of Operations:					
Revenue	6,051	5,104	3,519	4,402	**4,194**
Operating income (loss)	(791)	(2,643)	(931)	273	**357**
Financial income (expense)-net	(181)	(614)	682	(628)	**(257)**
Income (loss) from continuing operations attributable to stockholders	(664)	(3,593)	(199)	(515)	**(44)**
Income (loss) from discontinued operations attributable to stockholders	29	36	32	59	**434**
Net income (loss) attributable to stockholders	(635)	(3,557)	(167)	(456)	**390**
Per share data[2]:					
Basic and diluted earnings per common share attributable to stockholders in $[3]					
- Income (loss) from continuing operations	(250.00)	(19.94)	(0.93)	(2.25)	**(0.17)**
- Income (loss) from discontinued operations	5.80	0.20	0.15	0.26	**1.74**
- Net income (loss)	(244.20)	(19.74)	(0.78)	(1.99)	**1.57**
Weighted average number of shares of common stock outstanding during the year (in thousands)[4]					
- Basic and diluted	5,000	180,210	215,252	229,280	**248,812**
Consolidated balance sheet data:					
Cash and cash equivalents	1,029	1,781	1,026	898	**743**
Total assets	13,574	10,213	8,579	7,637	**6,612**
Net assets	4,565	1,182	1,041	1,219	**1,357**
Working capital[5]	1,081	1,355	870	811	**969**
Total debt[6]	6,076	6,367	5,283	4,551	**3,799**
Total stockholders' equity	4,308	969	843	986	**1,145**
Common stock	133	42	42	51	**51**
Other operating data:					
Capital expenditures	(496)	(356)	(92)	(258)	**(221)**
Depreciation and amortization[7]	1,506	1,924	887	684	**591**
Consolidated statements of cash flows data:					
Net cash provided by (used for):					
Operating activities	469	(638)	(701)	361	**175**
Investing activities	(618)	1,046	63	(269)	**(202)**
Financing activities	(26)	299	(109)	(157)	**(926)**
Net cash provided by (used for) continuing operations	(175)	707	(747)	(65)	**(953)**
Net cash provided by (used for) discontinued operations	8	2	—	(5)	**809**

(1) All years prior to 2010 have been restated to reflect the effect of the sale of the Sound Solutions business in 2011 as discontinued operations.

(2) On February 29, 2008, through a multi-step transaction, the nominal value of the common shares was decreased from €1.00 to €0.01 and all preference shares were converted into common shares, which resulted in an increase of outstanding common shares from 100 million to 4.3 billion. On August 2, 2010, we amended our articles of association in order to effect a 1-for-20 reverse stock split, decreasing the number of shares of common stock outstanding from approximately 4.3 billion to approximately 215 million and increasing the par value of the shares of common stock from €0.01 to €0.20. In all periods presented, basic and diluted weighted average shares outstanding and earnings per share have been calculated to reflect the 1-for-20 reverse stock split.

(3) For purposes of calculating per share net income, net income includes the undeclared accumulated dividend on preferred stock of $586 million in 2007. This right was extinguished in 2008.

(4) Due to our net losses from continuing operations attributable to stockholders in the periods from 2007 to 2011, all potentially dilutive securities have been excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive.
(5) Working capital is calculated as current assets less current liabilities (excluding short-term debt).
(6) As adjusted for our cash and cash equivalents our net debt was calculated as follows:

	2007	2008	2009	2010	2011
Long-term debt	6,070	5,964	4,673	4,128	**3,747**
Short-term debt	6	403	610	423	**52**
Total debt	6,076	6,367	5,283	4,551	**3,799**
Less: cash and cash equivalents	(1,029)	(1,781)	(1,026)	(898)	**(743)**
Net debt	5,047	4,586	4,257	3,653	**3,056**

Net debt is a non-GAAP financial measure. See “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Use of Certain Non—GAAP Financial Measures”.

(7) Depreciation and amortization includes the cumulative net effect of purchase price adjustments related to a number of acquisitions and divestments, including the purchase by a consortium of private equity investors of an 80.1% interest in our business, described elsewhere in this annual report as our “Formation.” The cumulative net effects of purchase price adjustments in depreciation and amortization aggregated to $762 million in 2007, $658 million in 2008, $371 million in 2009, $302 million in 2010 and $301 million in 2011. In 2011, depreciation and amortization included $5 million (2010: $40 million; 2009: $4 million) related to disposals that occurred in connection with our restructuring activities and $1 million (2010: $6 million; 2009: $42 million) relating to other incidental items. For a detailed list of the acquisitions and a discussion of the effect of acquisition accounting, see “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Factors Affecting Comparability—Effect of Acquisition Accounting” contained elsewhere in this annual report. Depreciation and amortization also includes impairments to goodwill and other intangibles, as well as write-offs in connection with acquired in-process research and development, if any.

The majority of our expenses are incurred in euros, while most of our revenue is denominated in U.S. dollars. 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, 2011. 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.

Year ended December 31,	Average ($ per €)
2007	1.3771
2008	1.4726
2009	1.3935
2010	1.3261
2011	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 March 2, 2012:

Month	High ($ per €)	Low ($ per €)
2011		
September	**1.4283**	**1.3446**
October	**1.4172**	**1.3281**
November	**1.3803**	**1.3244**
December	**1.3487**	**1.2926**
2012		
January	**1.3192**	**1.2682**
February	**1.3463**	**1.3087**

On March 2, 2012, the noon buying rate was $1.3202 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 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 “Part I—Item 3. Key Information—D. Risk factors—Fluctuations in Foreign Exchange Rates May Have An Adverse Effect On Our Financial Results” and “Part I—Item 11. Quantitative and Qualitative Disclosures About Market Risk—Foreign Currency Risks”.

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 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 5. Operating and Financial Review and Prospects—G. Safe Harbor”, contained elsewhere in this annual report.

The semiconductor industry is highly cyclical.

Historically, the relationship between supply and demand in the semiconductor industry has caused a high degree of cyclicality 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 cyclicality, 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.

Since early 2008, Europe, the United States and international markets have experienced increased volatility and instability. More recently, this volatility and instability intensified because of the sovereign debt crisis in Europe and the debt-ceiling crisis in the United States and the related financial restructuring efforts, the ratings downgrade of certain major economies , including the United States and France, continued hostilities in the Middle East and tensions in North Africa and other world events. This could further adversely affect the economies of the European Union, the United States and those of other countries and may exacerbate the cyclicality 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.

In January 2012, the International Monetary Fund projected global world output growth of 3.3% and 3.9% in 2012, and 2013, respectively, a decrease of 0.7% and 0.6% from its estimates released in September 2011. Official forecasts have been fluctuating as of late and negative economic trends may become worse. Despite indications of stabilization and aggressive measures taken by governments and central banks, there is a significant risk that the global economy could enter into a deeper and longer lasting recession. 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 and the unfavorable economic conditions, it is increasingly difficult for us, our customers and suppliers to forecast demand trends, we are 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.

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 significant price erosion, especially after a product has been on the market for a significant period of time.

One of the results of the rapid innovation that is exhibited by 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 receive 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 growth rates and 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.

Our substantial amount of debt could adversely affect our financial health, which could adversely affect our results of operations.

We are highly leveraged. Our substantial indebtedness could have a material adverse effect on us by: making it more difficult for us to satisfy our payment obligations under our existing senior secured revolving credit facility (the "Secured Revolving Credit Facility") or the "forward start" revolving credit facility (the "Forward Start Revolving Credit Facility"), as the case may be, the secured term credit agreement that we entered into on March 4, 2011 (the "First 2017 Term Loan"), the joinder and amendment agreement to the secured term credit agreement that we entered into on November 18, 2011 (the "Second 2017 Term Loan" and, together with the First 2017 Term Loan, the "2017 Term Loans") and the joinder and amendment agreement to the secured term credit agreement that we entered into on February 16, 2012 (the "2019 Term Loan" and, together with the 2017 Term Loans, the "Term Loans") and under our euro-denominated 10% super priority notes due 2013 (the "Euro Super Priority Notes"), U.S. dollar-denominated 10% super priority notes 2013 (the "Dollar Super Priority Notes" and, together with the Euro Super Priority Notes, the "Super Priority Notes"), the euro-denominated floating rate senior secured notes due 2013 (the "Euro Floating Rate Secured Notes"), U.S. dollar-denominated floating rate senior secured notes due 2013 and the U.S. dollar-denominated floating rate senior secured notes due 2016 (together the "Dollar Floating Rate Secured Notes"), U.S. dollar-denominated 9 3/4% senior secured notes due 2018 (the 2018 Dollar Fixed Rate Secured Notes together with the Euro Floating Rate Secured Notes and the Dollar Floating Rate Secured Notes, the "Secured Notes") and our euro-denominated 8 5/8% senior notes due 2015 (the "Euro Unsecured Notes") and U.S. dollar-denominated 9 1/2% senior notes due 2015 (the "Dollar Unsecured Notes" and, together with our Euro Unsecured Notes, the "Unsecured Notes"); limiting our ability to borrow money for working capital, restructurings, capital expenditures, research and development, investments, acquisitions or other purposes, if needed, and increasing the cost of any of these borrowings; requiring us to dedicate a substantial portion of our cash flow from operations to service our debt, which reduces the funds available for operations and future business opportunities; limiting our flexibility in responding to changing business and economic conditions, including increased competition and demand for new services; placing us at a disadvantage when compared to those of our competitors that have less debt; and making us more vulnerable than those of our competitors who have less debt to a downturn in our business, industry or the economy in general. Despite our substantial indebtedness, we may still incur significantly more debt, which could further exacerbate the risks described above.

We may not be able to generate sufficient cash to service and repay all of our indebtedness and may be forced to take other actions to satisfy our obligations under our indebtedness, which may not be successful.

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 the principal, premium, if any, and interest on our indebtedness. We have seen substantial negative cash flows from operations in periods of adverse economic developments. Our business may not generate sufficient cash flow from operations and future borrowings under our Secured Revolving Credit Facility or Forward Start Revolving Credit Facility, as the case may be, or from other sources may not be available to us, in an amount sufficient to enable us to repay our indebtedness, including the Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans, the Super Priority Notes, the Secured Notes or the Unsecured Notes, or to fund our other liquidity needs, and 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.

In addition, the availability of our Forward Start Revolving Credit Facility is subject to a number of conditions. If we do not satisfy these conditions by a certain date, our Forward Start Revolving Credit Facility will not be available to refinance our Secured Revolving Credit Facility or for other purposes, and as a result we will lose an important source of liquidity. For further information on our Forward Start Revolving Credit Facility, please see note 27 to our consolidated financial statements included in Part III, Item 18 of this Report.

A substantial portion of our indebtedness currently bears interest at floating rates, and therefore if interest rates increase, our debt service requirements will increase. We may therefore need to refinance or restructure all or a portion of our indebtedness, including the Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans, the Super Priority Notes, the Secured Notes and the Unsecured Notes, on or before maturity.

If we cannot service our indebtedness, we may have to take actions such as selling assets, seeking additional equity investments or reducing or delaying capital expenditures, strategic acquisitions, investments and alliances, any of which could have a material adverse effect on our business, or seeking to restructure our debt through compromises, exchanges or insolvency processes.

If we cannot make scheduled payments on our debt, we will be in default and, as a result:

- holders of our debt securities could declare all outstanding principal and interest to be due and payable;
- the lenders under our Secured Revolving Credit Facility or Forward Start Revolving Credit Facility, as the case may be, could terminate their commitments to lend us money and/or foreclose against the assets securing any outstanding borrowings; and
- we could be forced into bankruptcy or liquidation.

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 acquisition. 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, 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. See “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Factors Affecting Comparability—Effect of Acquisition Accounting” for the latest impairment charges that we have made. 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 net worth.

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.

There is new U.S. legislation to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones of the Democratic Republic of Congo. Such legislation includes disclosure requirements regarding the use of “conflict” minerals mined from the Democratic Republic of Congo and adjoining countries and procedures regarding a manufacturer’s efforts to prevent the sourcing of such “conflict” minerals. The implementation of these requirements could affect the sourcing and availability of minerals used in the manufacture of our products. As a result, there may only be a limited pool of suppliers who provide conflict free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of all metals used in our products.

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 and the debt-ceiling crisis in the United States or the recent downgrade of certain major economies, including the United States and France;
- Social and political instability in a number of countries around the world, including the developments in North Africa and the Middle East, and also including the threat of war, terrorist attacks in the United States or in EMEA, epidemics or civil unrest. Although we have no direct investments in North Africa and the Middle East, the ongoing changes may have, for instance via our customers, the energy prices and the financial markets, a negative effect on our business, financial condition and operations;
- 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;
- foreign currency exchange, 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.

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. Any significant interruption in our business applications, systems or networks, including but not limited to new system implementations, computer viruses, cyber attacks, security breaches, facility issues or energy blackouts could have a material adverse impact on our operations, sales and operating results. For example, from time to time, our information technology Systems and networks have been attacked by unauthorized parties. Any systems and network disruption could result in a loss of our intellectual property, the release of commercially sensitive information or partner, customer or employee personal data, or the loss of production capabilities at one of our manufacturing sites. Therefore, any such severe incident could harm our competitive position, result in a loss of customer confidence, and cause us to incur significant costs to remedy the damages caused by the system or network disruptions, whether caused by cyber attacks, security breaches or otherwise. The protective measures that we are adopting to avoid system or network disruptions may be insufficient to prevent or limit the damage from any future disruptions and any disruption could have a material adverse impact on our business, operations and financial results.

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

The semiconductor industry is characterized by high fixed costs and, notwithstanding our significant 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 product demand. During such periods, our fabrication plants operate at a lower loading level, while the fixed costs associated with the full capacity continue to be incurred, resulting in lower gross profits.

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 relatively high level of debt 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 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.

We are bound by the restrictions contained in the Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans and the Indentures, which may restrict our ability to pursue our business strategies.

Restrictive covenants in our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans and the indentures related to the Super Priority Notes, the Secured Notes, the Unsecured Notes (collectively, the "Indentures") limit our ability, among other things, to:

- incur additional indebtedness or issue preferred stock;
- pay dividends or make distributions in respect of our capital stock or make certain other restricted payments or investments;
- repurchase or redeem capital stock;
- sell assets, including capital stock of restricted subsidiaries;
- agree to limitations on the ability of our restricted subsidiaries to make distributions;
- enter into transactions with our affiliates;
- incur liens;
- guarantee indebtedness; and
- engage in consolidations, mergers or sales of substantially all of our assets.

These restrictions could restrict our ability to pursue our business strategies. We are currently in compliance with all of our restrictive covenants.

Our failure to comply with the covenants contained in our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans or the Indentures or our other debt agreements, including as a result of events beyond our control, could result in an event of default which could materially and adversely affect our operating results and our financial condition.

Our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans and the Indentures require us to comply with various covenants. Even though we are currently in compliance with all of our 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.

If, when required, we are unable to repay, refinance or restructure our indebtedness under, or amend the covenants contained in, our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, or if a default otherwise occurs, the lenders under our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, could elect to terminate their commitments there under, cease making further loans and issuing or renewing letters of credit, declare all outstanding borrowings and other amounts, together with accrued interest and other fees, to be immediately due and payable, institute enforcement proceedings against those assets that secure the extensions of credit under our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, and thereby prevent us from making payments on our debt. Any such actions could force us into bankruptcy or liquidation.

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.

We depend significantly on patents and other intellectual property rights to protect our products and proprietary design and fabrication processes against misappropriation by others. We may in the future have difficulty obtaining patents and other intellectual property rights, and the patents 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. The protection offered by intellectual property rights may be inadequate or weakened for reasons or circumstances that are out of our control. Further, our trade secrets may be vulnerable to disclosure or misappropriation by employees, contractors and other persons. In particular, intellectual property rights are difficult to enforce in the People's Republic of China (PRC) and certain other 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 of these nations 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.

The intellectual property that was transferred or licensed to us from Philips may not be sufficient to protect our position in the industry.

In connection with our separation from Philips in 2006, Philips transferred approximately 5,300 patent families to us subject to certain limitations, including (1) any prior commitments to and undertakings with third parties entered into prior to the separation and (2) certain licenses retained by Philips. The licenses retained by Philips give Philips the right to sublicense to third parties in certain circumstances, which may divert revenue opportunities from us. Approximately 800 of the patent families transferred from Philips were transferred to ST-NXP Wireless (and subsequently to ST-Ericsson, its successor) in connection with the contribution of our wireless operations to ST-NXP Wireless in 2008. Approximately 400 of the patent families transferred from Philips were transferred to Trident Microsystems, Inc. ("Trident") in connection with the divestment of our television systems and set-top box business lines to Trident in 2010. Further, a number of other patent families have been transferred in the context of other transactions. In addition, the sale of our Sound Solutions business to Knowles Electronics has lead to the transfer of certain patent families to them.

Philips granted us a non-exclusive license to: (1) all patents Philips holds but has not assigned to us, to the extent that they are entitled to the benefit of a filing date prior to the separation and for which Philips is free to grant licenses without the consent of or accounting to any third party and (2) certain know-how that is available to us, where such patents and know-how relate to: (i) our current products and technologies, as well as successor products and technologies, (ii) technology that was developed for us prior to the separation and (iii) technology developed pursuant to contract research co-funded by us. Philips has also granted us a non-exclusive royalty-free and irrevocable license under: (1) certain patents for use in giant magneto-resistive devices outside the field of healthcare and bio applications, and (2) certain patents relevant to polymer electronics resulting from contract research work co-funded by us in the field of radio frequency identification tags. Such licenses are subject to certain prior commitments and undertakings. However, Philips retained ownership of certain intellectual property related to our business, as well as certain rights with respect to intellectual property transferred to us in connection with the separation. There can be no guarantee that the patents transferred to us will be sufficient to assert offensively against our competitors, to be used as leverage to negotiate future cross-licenses or to give us freedom to operate and innovate in the industry. The strength and value of our intellectual property may be diluted if Philips licenses or otherwise transfers such intellectual property or such rights to third parties, especially if those third parties compete with us. The foregoing risks could 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"), and we jointly operate with Jilin Sino-Microelectronics Company Ltd. the joint venture Jilin NXP Semiconductors Ltd. ("Jilin"). We established Advanced Semiconductor Manufacturing Corporation Limited ("ASMC") together with a number of Chinese partners, and together with Advanced Semiconductor Engineering Inc. ("ASE"), we established the assembly and test joint venture ASEN Semiconductors Co. Ltd. ("ASEN"). As a result of the transfer of our television systems and set-top box business lines to Trident, we acquired an equity stake in Trident. On January 4, 2012, Trident and one of its subsidiaries, Trident Microsystems (Far East) Ltd., filed for voluntary petitions under Chapter 11 of the United States Bankruptcy Code, in the U.S. Bankruptcy Court for the District of Delaware. At this time the long-term impact to revenue associated with contract manufacturing services provided and goods supplied to Trident is not known, but could have a material adverse effect on our business, financial condition and results of operations.

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. Even though we own 57% of the outstanding stock of Trident, for instance, we only have a 30% voting interest in participatory rights and have a 57% voting interest only for certain protective rights; in addition, our voting interest may be negatively impacted by the Chapter 11 filing of Trident on January 4, 2012. 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.

We have made and may continue to make acquisitions and engage in other transactions to complement or expand our existing businesses. However, we may not be successful in acquiring suitable targets at acceptable prices and integrating them into our operations, and 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. If we are unable to identify suitable targets, our growth prospects may suffer, and we may not be able to realize sufficient scale advantages to compete effectively in all markets. In addition, in pursuing acquisitions, we may face competition from other companies in the semiconductor industry. Our ability to acquire targets may also be limited by applicable antitrust laws and other regulations in the United States, the European Union and other jurisdictions in which we do business. To the extent that we are successful in making acquisitions, we may have to expend substantial amounts of cash, incur debt, assume loss-making divisions and incur other types of expenses. We may also face challenges in successfully integrating acquired companies into our existing organization. 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 our redesign program (the "Redesign Program"). We plan to continue to restructure and make changes to parts of the processes in our organization. Furthermore, if the global economy remains as volatile or unstable or if the global economy reenters into 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 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 outside foundry suppliers to perform could adversely affect our ability to exploit growth opportunities.

We currently use outside suppliers or foundries 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. Our internal manufacturing costs include depreciation and other fixed costs, while costs for products outsourced are based on market conditions. 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 participants under some of our plans are allowed to exercise stock options and sell the shares so acquired pro rata upon a sale of shares of common stock by the co-investors, including the Private Equity Consortium (as defined below) and that all of the stock options under some of our plans become exercisable upon a change of control (in particular, the Private Equity Consortium no longer jointly holding 30% of our shares of common stock). 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. Should 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, should 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. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, our financial position and results of operations could be affected by an adverse outcome.

For example, we are the subject of an investigation by the European Commission in connection with alleged violations of competition laws in connection with the smart card chips we produce. The European Commission stated in its release on January 7, 2009 that it would start investigations in the smart card chip sector because it has reason to believe that the companies concerned may have violated European Union competition rules, which prohibits certain practices such as price fixing, customer allocation and the exchange of commercially sensitive information. As a company active in the smart card chip sector, we are subject to the ongoing investigation. We are cooperating in the investigation. If the European Commission were to find that we violated European Union competition laws, it could impose fines and penalties on our company that, while the amounts cannot be predicted with certainty, we believe would not have a material adverse effect on our consolidated financial position. However, any such fines or penalties may be material to our consolidated statement of operations for a particular period.

Fluctuations in foreign exchange rates may have an adverse effect on our financial results.

A majority of our expenses are incurred in euro, while most of our revenue is denominated in U.S. dollars. Accordingly, our results of operations may be affected by changes in exchange rates, particularly between the euro and the U.S. dollar. In addition, 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 equity position. In addition, the U.S. dollar-denominated debt held by our Dutch subsidiary 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 income statement. Absent the application of net investment hedge accounting, we would have recorded an additional $203 million financial income and expense in the 2011 statement of operations. We continue to hold or convert most of our cash in euros as a hedge for euro expenses, euro interest payments and payments in relation to the Redesign Program. We are exposed to fluctuations in exchange rates when we convert U.S. dollars to euro. The current European sovereign debt crisis and the uncertainties as to its resolution or outcome intensify these currency exchange risks.

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 enter into diverse financial transactions with several counterparties to mitigate our currency risk. Derivative instruments are only used for hedging purposes. The rating of our debt by major rating agencies may further improve or deteriorate. As a result, our additional borrowing capacity and financing costs may be impacted.

We are also a purchaser of certain base metals, precious metals and energy used in the manufacturing process of our products. 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. Cash is invested and financial transactions are concluded where possible with financial institutions with a strong credit rating. 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 and may be severe.

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, 2011, we had recognized a net accrued benefit liability of $195 million, representing the unfunded benefit obligations of our defined pension plans. The funding status and the liabilities and costs of maintaining such 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.

On December 5, 2009, the previous Dutch State Secretary of Finance published a letter in which it was announced that, with respect to corporate taxation, the following four issues were the subject of further study: interest deductions of holding companies that are engaged in leveraged acquisitions, tax losses of foreign branches, interest deductions and earnings stripping rules and the so-called group interest box. On April 7, 2010, a committee appointed by the Dutch Ministry of Finance published its initial report. This report contained a general description of potential measures that may effectively limit deductibility of interest, including interest on acquisition debt and measures limiting the deductibility of foreign branch losses A legislative proposal changing the regime applicable to interest deductions of tax losses of foreign branches by holding companies that have been set up as part of a leveraged acquisition was approved by the Dutch Parliament in December 2011. However, it remains unclear whether expected new legislative proposals in 2012 will limit the tax deductibility of the interest payable by us under our indebtedness. However, if it does, this 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 taxation 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. 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.

In order to mitigate the transfer pricing uncertainties within our deployment, measures have been taken and a monitoring system has been put in place. On a regular basis, internal reviews are executed to test the correct implementation of the transfer pricing directives.

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 have various tax assets partly resulting from the acquisition of our business from Philips in 2006 and from other 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.

Although we have remediated the specific material weakness in our internal control over financial reporting identified for the year ended December 31, 2009, and believe that we have established proper compliance procedures, there may from time to time exist deficiencies in our 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. In connection with our assessment of the internal control over financial reporting for the year ended December 31, 2009, we identified a deficiency related to the accounting and disclosure for income taxes, which we concluded constituted a material weakness. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness that we identified related to the execution of the procedures surrounding the preparation and review of our income tax provision as of December 31, 2009. In particular, the execution of our controls did not ensure the accuracy and validity of our acquisition accounting adjustments and the determination of the valuation allowance for deferred tax assets. Part of the identified issue was caused by the complexity that resulted from the fact that step-ups from acquisitions were accounted for centrally. During the year ended December 31, 2010, we updated our internal controls and concluded that we had remediated this material weakness. However, despite the compliance procedures that we adopted, there may from time to time exist deficiencies in our 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. Soil and groundwater contamination has been identified at some of our current and former properties resulting from historical, ongoing or third-party activities. We are in the process of investigating and remediating contamination at some of these sites. 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 gasses. Enterprises may need to purchase at higher costs new equipment or raw materials with lower carbon footprints. These developments and further legislation that is likely to be enacted could affect our operations negatively. Changes in environmental regulations could increase our production 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. For instance, the dislocation of the transport services following volcanic eruptions in Iceland in April 2010 caused us delays in distribution of our products. Also, in 2011, the flooding in Thailand and the nuclear incident following the tsunami in Japan impacted the supply chains of our customers and suppliers. The impact of such occurrences depends on the specific geographic circumstances but could be significant, as some of our factories are located in islands with known earthquake fault zones, including the Philippines, Singapore or Taiwan. 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 Private Equity Consortium controls us and this control limits your ability to influence our significant corporate transactions. The Private Equity Consortium may have conflicts of interest with other stakeholders, including our shareholders, in the future.

A consortium of funds advised by Kohlberg Kravis Roberts & Co. L.P.(“KKR”), Bain Capital Partners, LLC (“Bain”), Silver Lake Management Company, LLC (“Silver Lake”), Apax Partners LLP (“Apax”) and AlpInvest Partners N.V. (“AlpInvest”), and collectively, the “Private Equity Consortium”, controls us. As a result, the Private Equity Consortium will continue to be able to influence or control the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. We cannot assure you that the interests of the Private Equity Consortium will coincide with the interests of our other stakeholders, particularly if we encounter financial difficulties or are unable to pay our debts when due.

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.

There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re-litigated before a Dutch court. Under current practice however, a Dutch court will generally grant the same judgment without a review of the merits of the underlying claim if (i) that judgment resulted from legal proceedings compatible with Dutch notions of due process, (ii) that judgment does not contravene public policy of the Netherlands and (iii) the jurisdiction of the United States federal or state court has been based on internationally accepted principles of private international law.

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.

Our general meeting of stockholders has empowered our board of directors to issue additional shares or to restrict or exclude pre-emptive rights on existing shares for a period of five years from August 2, 2010 until August 2, 2015. An issue of new shares may make it more difficult for a stockholder to obtain control over our general meeting.

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, for fiscal years ending on or after December 15, 2011, foreign private issuers will be 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 accelerated filers are required to file their annual report on Form 10-K within 75 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 file 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 stockholders of 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 there under rather than relying on the corporate governance requirements of the NASDAQ Global Select Market. For an overview of our corporate governance principles, see "Part II—Item 16G Corporate Governance", 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.

The market price of our common stock may be volatile.

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could reduce the market price of our common stock in spite of our operation performance. In addition, our operating results could be below the expectations of public market analysts and investors, and in response, the market price of our common stock could decrease significantly.

We do not intend to pay dividends for the foreseeable future.

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation and expansion of our business and in the repayment of our debt. Accordingly, investors must rely on sales of their shares of common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

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.

There are 251,751,500 shares of our common stock outstanding. We also have an aggregate of approximately 23,495,104 shares of common stock underlying stock options outstanding as of December 31, 2011, of which 16,128,196 stock options at a weighted average exercise price of €24.46 (or $31.65 based on the exchange rate as of December 31, 2011) per share and 7,366,908 stock options at a weighted average exercise price of $15.49. Furthermore, we have an aggregate of 3,847,955 shares of common stock outstanding as of December 31, 2011, issued as performance and restricted share units, under the Long Term Incentive Plan 2011 and 2010. In addition, 444,395 shares of common stock issuable upon the exercise of equity rights are outstanding as of December 31, 2011 under different employee incentive programs.

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 the release. 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.

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 that the data is forecast. 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.

Item 4. Information on the Company

A. *History and Development of the Company*

Name and History

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

We were incorporated in the Netherlands as a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid)* under the name KASLION Acquisition B.V. on August 2, 2006, in connection with the sale by Philips of 80.1% of its semiconductor business to the “Private Equity Consortium”. For a list of the specific funds that hold our common stock and their respective share ownership, see “Part I—Item 7. Major Shareholders and Related Party Transactions—A. Major Shareholders” elsewhere in this document. Initially, the Private Equity Consortium invested in our Company through KASLION Holding B.V., a Dutch private company with limited liability.

On May 21, 2010, we converted into a Dutch public company with limited liability *(naamloze vennootschap)* and changed our name to NXP Semiconductors N.V. Concurrently, we amended our articles of association in order to effect a 1-for-20 reverse stock split of our shares of common stock.

In August 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 31, 2011, certain of our stockholders offered 30 million shares of our common stock, priced at $30.00 per share. The underwriters of the offering exercised in full their option to purchase from the selling stockholders 4,431,000 additional shares of common stock at the secondary offering price. We did not receive any proceeds from this secondary offering. The settlement date for the offering was April 5, 2011.

We are a 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.

Our website address is www.nxp.com.

NXP Repositioning and Redesign

Since our separation from Philips in 2006, we have significantly repositioned our business and market strategy. Between 2008 and 2011, we executed our Redesign Program to better align our costs with our more focused business and to achieve a world-class cost structure and processes. Key elements of our repositioning and redesign are:

Our Repositioning

- ***New leadership team.*** Ten of the twelve members of our executive management team are new to the Company or new in their roles since our separation from Philips in 2006, and eight of the twelve have been recruited from outside NXP. Prior to joining NXP, our chief executive officer and chief financial officer, Rick Clemmer and Karl-Henrik Sundström, played leading roles in programs that significantly enhanced the performance of their previous companies, Agere Systems Inc. (“Agere”) and Telefonaktiebolaget LM Ericsson, respectively. Loh Kin Wah, our executive vice president of sales, was previously President and CEO of Qimonda AG, and prior to that responsible for the Communication Business Group and subsequently the Memories Product Group at Infineon Technologies AG (“Infineon”). Chris Belden, our executive vice president of Operations, implemented the manufacturing redesign program of Freescale Semiconductor, Inc. (“Freescale”), formerly part of Motorola, Inc. (“Motorola”), between 2002 and 2005, that resulted in a significant margin improvement for Freescale. Peter Kelly, who was appointed in March 2011 as our executive vice president for operations sharing this responsibility with Chris Belden, was previously a key part of the management team that led the spin-off of Agere from Lucent Technologies Inc. (“Lucent”), where he led the global operations team. Ruediger Stroh joined us from LSI Corporation and previously Agere, where he helped to turn the hard disk-drive business into a market leader with strong profitability. Within NXP, Ruediger Stroh now manages our High Performance Mixed Signal businesses focused on identification applications. Alexander Everke came to NXP from Infineon, where he led its global sales organization and helped to restructure the company’s go-to-market model while driving

significant top-line growth. At NXP, Alexander Everke now manages our High Performance Mixed Signal businesses, focusing on wireless infrastructure, lighting, industrial, mobile, consumer and computing applications.

- ***Focus on High Performance Mixed Signal solutions.*** We have implemented our strategy of focusing on High Performance Mixed Signal solutions because we believe it to be an attractive market in terms of growth, barriers to entry, relative market share, relative business and pricing stability, and capital intensity. Several transactions have been core to our strategic realignment and focus on High Performance Mixed Signal: in September 2007, we divested our cordless phone system-on-chip business to DSP Group, Inc. ("DSPG"); in July 2008, we contributed our wireless activities to the ST-NXP Wireless joint venture (our stake in which was subsequently sold, with the business being renamed "ST-Ericsson"); and in February 2010, we merged our television systems and set-top box business with Trident. Our primary motivations for exiting the system-on-chip markets for wireless activities and consumer applications were the significant research and development investment requirements and high customer concentration inherent in these markets, which make these businesses less profitable and predictable than our High Performance Mixed Signal and Standard Products businesses. In addition, we recently sold two non-semiconductor component businesses. On December 14, 2010, we sold NuTune Singapore Pte. Ltd. ("NuTune"), our joint venture with Technicolor S.A. that produces can tuner modules for all segments related to broadcast transmission, to AIAC. On July 4, 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment), which makes mobile speakers and receivers, to Knowles Electronics, an affiliate of Dover Corporation. This has enabled us to significantly increase our research and development investments in the High Performance Mixed Signal applications on which we focus.
- ***New customer engagement strategy.*** We have implemented a new approach to serving our customers and have invested in significant additional resources in our sales and marketing organizations. In spite of the recent economic downturn, we hired over 100 additional field application engineers in recent years in order to better serve our customers with High Performance Mixed Signal solutions. We have also created "application marketing" teams that focus on delivering solutions that include as many suitable NXP components as possible in their system reference designs, which helps us achieve greater cross-selling between our various product lines, while helping our customers accelerate their time to market. With the increased number of application engineers and our applications marketing approach, we are able to engage with more design locations ranging from our largest, highest volume customers to the mid-size customers who typically have lower volumes but more attractive margins.

Our Redesign Program

- ***Streamlined cost structure.*** We have achieved annualized cost savings of $928 million by the end of 2011, as compared to our annualized third quarter results for 2008, which was the quarter during which we contributed our wireless operations to ST-NXP Wireless (Holding) AG (which ultimately became ST-Ericsson). These savings are primarily achieved through a combination of headcount reductions, factory closings and restructuring of our IT infrastructure. Between 2008 and December 31, 2011, $727 million has been paid for the accelerated and expanded Redesign Program and other restructuring activities.
- ***Leaner manufacturing base.*** As a part of our Redesign Program, we have significantly reduced our overall manufacturing footprint, particularly in high cost geographies. Our current manufacturing strategy focuses on capabilities that differentiate NXP in terms of product features, process capabilities, cost, supply chain and quality. Accordingly, we have closed or sold a number of facilities, including but not limited to, the sale of our wafer factory in Caen, France in June 2009, the closure of our production facility in Fishkill, New York in July 2009, the closure of part of our front-end manufacturing in Hamburg, Germany in January 2010, and the closure of our ICN5 facility in Nijmegen at the end of 2010. As a result, we have reduced the number of our front-end manufacturing facilities from fourteen at the time of our separation from Philips in 2006 to six by the end of 2011.

As a result of our repositioning and redesign activities, we believe we are well positioned to grow and benefit from improved operating leverage, focused research and development expenditures and an optimized manufacturing infrastructure.

Reporting Segments

NXP is organized into three reportable segments in compliance with Accounting Standards Codification ("ASC") Topic 280 "Segment Reporting".

The Company is structured in two market oriented business segments, High Performance Mixed Signal and Standard Products and one other reportable segment, Manufacturing Operations.

Corporate and Other is not a separate reporting segment anymore because it no longer meets the criteria for being separately reported. Particularly the quantitative thresholds are not met after the divestment of NuTune in 2010 and the reallocation of the remaining activities that used to belong to the Home segment. Items under Corporate and Other in this annual report represent the remaining portion of our former Corporate and Other segment to reconcile to the consolidated financial statements along with the Divested Home activities, which were divested in 2010.

Our High Performance Mixed Signal businesses deliver 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.

Our Standard Products business segment offers standard products for use across many applications markets, as well as application-specific standard products predominantly used in application areas such as mobile handsets, computing, consumer and automotive.

Our Manufacturing Operations are conducted 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, which together form our Manufacturing Operations segment. While the main function of our Manufacturing Operations segment is to supply products to our High Performance Mixed Signal and Standard Products segments, revenue and costs in this segment are to a large extent derived from sales of wafer foundry and packaging services to our divested businesses in order to support their separation and, on a limited basis, their ongoing operations. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources is expected to decline.

Corporate and Other includes unallocated research expenses not related to any specific business segment, corporate restructuring charges not allocated to High Performance Mixed Signal and Standard Products and other expenses, as well as some operations not included in our two business segments, such as manufacturing, marketing and selling of can tuners through our former joint venture NuTune (which was sold and divested on December 14, 2010) and software solutions for mobile phones (the "NXP Software" business). Revenue recorded in Corporate and Other is primarily generated from the NXP Software business.

B. *Business Overview*

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. We provide leading High Performance Mixed Signal and Standard Product solutions that leverage our deep application insight and our technology and manufacturing expertise in RF, analog, power management, interface, security and digital processing products. Our product solutions are used in a wide range of automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications. We engage with leading original equipment manufacturers ("OEMs") worldwide and over 57% of our revenue in 2011 was derived from Asia Pacific (excluding Japan).

Since our separation from Philips in 2006, we have significantly repositioned our business to focus on High Performance Mixed Signal solutions and have implemented a Redesign Program aimed at achieving a world-class cost structure and processes. As of December 31, 2011, we had approximately 23,700 full-time equivalent employees located in at least 30 countries, with research and development activities in Asia, Europe and the United States, and manufacturing facilities in Asia and Europe. For the year ended December 31, 2011, we generated revenue of $4,194 million.

Markets, applications and products

We sell two categories of products, High Performance Mixed Signal product solutions and Standard Products. The first category, which consists of highly differentiated application-specific High Performance Mixed Signal semiconductors and system solutions, accounted for 76% of our total product revenue in 2011. We believe that High Performance Mixed Signal is an attractive market in terms of growth, barriers to entry, relative market share, relative business and pricing stability and capital intensity. The second of our product categories, Standard Products, accounted for 24% of our total product revenue in 2011, and consists of devices that can be incorporated in many different types of electronics equipment and that are typically sold to a wide variety of customers, both directly and through distributors. Manufacturing cost, supply chain efficiency and continuous improvement of manufacturing processes drive the profitability of our Standard Products.

High Performance Mixed Signal

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 leverage 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, television tuners, car security and entertainment products and contactless identification products. Our power technologies and capabilities are applied in our lighting products, AC-DC power conversion 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 and healthcare products and our microcontrollers. Our high-speed interface design skills are applied in our interface products business, and also in our high-speed data converter and satellite outdoor unit products. Security solutions are used in our identification, microcontroller, telematics and smart metering products and solutions. Finally, our digital processing capabilities are used in our Auto DSPs, the products leveraging our Coolflux ultra-low power DSPs, such as our mobile audio and hearing aid business and our microcontroller based products. In addition, digital processing knowledge is required to design High Performance Mixed Signal solutions that leverage other suppliers and digital processing products.

We focus on developing High Performance Mixed Signal solutions for automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing. The below table provides an overview of our key applications, the leading products we sell into those areas and our key customers and distribution partners.

	Automotive	Identification	Wireless infrastructure	Lighting	Industrial	Mobile	Consumer	Computing
Key applications	• Car access & immobilizers • In vehicle networking • Car entertainment • Telematics • ABS • Transmission/ throttle control • Lighting	• Secure identity • Secure transactions • Tagging & authentication	• Wireless base stations • Satellite • CATV infra • Radar	• CFL Lighting • LED Lighting • Back-lighting • Lighting Networks	• Smart metering • White goods & home appliances • Pachinko machines • Medical • Industrial	• Mobile handset • Portable power supplies • Hearing aids	• TV • Satellite, Cable, Terrestrial and IP Set-top boxes • Satellite outdoor units	• Monitor • Power supplies • Personal computer video
Selected market leading positions	• #1 Can/LIN/ Flex Ray in -vehicle networking • #1 passive keyless entry/ immobilizers • #1 car radio • #4 magnetic sensors	• #1 e-Government • #1 Transport & Access management • #2 Banking • #1 NFC • #1 Radio frequency identification	• #2 in HP RF			• #2 Digital Logic	• #1 in TV and set-top-box tuners	• Leader in notebook AC-DC power adaptors • Top 3 in interface, leader in specific niches
Key OEM customers	• Becker • Bosch • Continental • Delphi • Desay • Fujitsu • Harman/ Becker • Hella • Humax • Hyundai • JCAE • Lear • LGE • Microsoft • Panasonic • Pioneer • Sony • Valeo • Visteon • VON	• Advanide • Apple • ASK • Austria • Avery Dennison • Bundesdr • COV • Gemalto • Giesecke • Google • GTO • LGE • Marvell • Oberthur • ORGA • Qualcomm • Samsung • SDU Identification • SEMC • Smartrac	• Alcatel • Andrew Corp. • Arrow • Ericsson • Huawei • NSN • Samsung • ZTE	• Flextronics • Neonlite • Osram • Panasonic • Philips • PLI • Sharp • TCP	• Arrow • BSS • Continental • Electrolux • Emerson • Luxim • Philips • PNK • Rhodeschw • Samsung • Schneider • Siemens • TCP • Xilinx • ZTE	• Apple • Huawei • Lab126 • LGE • Marvell • Motorola • Nokia • Philips • Samsung • SEMC • ST-Ericsson • ZTE	• Broadcom • Canon • Continental • Funai • Huawei • Humax • Konka • LGE • Microsoft • Motorola • Pace • Panasonic • Philips • Sagem • Samsung • Scatlanta • SEMCO • Sony • Technicolor • Thomson	• Apple • Arrow • Cisco • Dell • Emerson • Flextronics • Foxconn • HP • Huawei • Intel • Neonode • Samsung • Western Digital

The customers listed above represent key OEM customers based on two criteria: (1) top ten OEM customers (if ten customers meet the criteria) in terms of revenue in 2010 in the specific application market with revenue of at least $3 million, plus any customer with revenue of over $10 million in that market and (2) top ten existing OEM customers (if ten customers meet the criteria) in terms of realized design wins in 2010 in that application market with a minimum design win value of $5 million.

Our key distributors across these applications are Arrow, Avnet, Future and WPG. These distributors represent our top four distributors in terms of revenue in 2011. In addition, our three catalog and web-based distributors, Digi-key, Mouser and Premier Farrell, are included based on their strategic positions, as they engage early with all of our customers, thereby enabling us to engage early with customers with whom we may not have direct relationships. Also, because of their internet presence and focus, they are the fastest growing segment of distribution and our fastest growing distributors.

***Automotive*.** In the automotive market we are a leader in in-vehicle networking car passive keyless entry and immobilization and car radio and car audio amplifiers, hold a strong position in magnetic sensors and have an emerging business in telematics.

In the can/LIN/FlexRay in-vehicle networking market, we are the market leader, having played a defining role in setting the can/LIN and more recently FlexRay standards. 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 car access and immobilizers market, we lead the development of new passive keyless entry/start and two-way key concepts with our customers and, as a result, we are a key supplier to almost all car OEMs for those products. We are the market leader in AM/FM car radio chip sets.

Our leadership in mid- and high-end car radio is driven by excellent reception performance, whereas in the low-end and after-market car radio, our leadership is driven by our one-chip radio solutions that offer ease of implementation and low 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. In telematics, we have developed a complete and secure systems solution for implementation in car on-board units, which we supply in a module that is small in size and delivers good performance. We leverage our proprietary processes for automotive, high-voltage RF and non-volatile processes as well as our technology standards and leading edge security IP developed by our identification business, to deliver our automotive solutions. We are compliant with all globally relevant automotive quality standards (such as ISO/TS16949 and VDA6.3) and we have reduced our defective parts per million rate from two to one over the past four years.

For the full year 2011, we had High Performance Mixed Signal revenue of $930 million in automotive applications, compared to $931 million in 2010, which represents a 0.1% year over year decline. According to Strategy Analytics, the total market for automotive semiconductors was $21.7 billion in 2010, and projects it will grow at a compounded annual growth rate of 10% between 2010 and 2014. According to Strategy Analytics' estimates we were the fifth largest supplier of automotive semiconductors worldwide in 2010, and we have increased our market share from 5.8% in 2005 to 6.9% in 2010.

***Identification*.** We are the market leader in contactless identification ICs and a leader in the overall contact and contactless identification chip market.

We address all segments of the market, except for the commodity SIM market, and have leading positions in e-government, transportation and access management, smart card readers, and radio frequency identification tags and labels. For example, we supply to approximately 85% of worldwide e-passport projects, and our MIFARE product is used in approximately 70% of the public transport systems that have adopted electronic ticketing. We have led the development and standard setting of near field communications (NFC), which is an emerging standard for secure short-range connectivity that has been established to enable secure transactions between mobile devices and point-of-sale terminals or other devices, and are pursuing the fast-growing product authentication market. Our leadership in the identification market is based on the strength of our security, end-to-end system contactless read speed performance, our ability to drive new standard settings and the breadth of our product portfolio. Key growth drivers will be the adoption of new security standards in existing smart card markets, the implementation of security ICs in a range of devices to enable secure mobile transactions and product authentication, and the increase in new radio frequency identification applications such as supply chain management.

On December 6, 2010, we announced a strategic collaboration with Google to provide a complete open source software stack for NFC integration and validation on Gingerbread, the latest version of the Android platform. Google also integrated our NFC controller (PN544) into its newly launched Nexus STM phone, co-developed by Google and Samsung, offering users access to compelling NFC based services and applications. With over 100,000 applications and an extensive community of developers, Android is a growing player in the smart phone and mobile device world. According to Gartner, Android is expected to be the number one smart phone operating system in 2011, with 221 million smart phones sold in that year.

For the full year 2011, we had High Performance Mixed Signal revenue of $698 million in identification applications, compared to $589 million in 2010, which represents an 18.5% year over year growth. The market size for identification ICs was $2.7 billion in 2010, and is expected to grow at a compounded annual rate of 6% to $3.3 billion in 2014.

Wireless infrastructure, lighting and industrial. We have a leading market position in high-performance radio frequency solutions and a strong position in 32-bit ARM microcontrollers, a strong portfolio of lighting drivers and an emerging business in high-speed data converters. Our overall revenue in these businesses was $567 million in 2011 versus $547 million in 2010, which represents a 3.7% year over year growth.

Our leading high-performance radio frequency business mainly provides RF front-end solutions for markets, such as mobile base stations, satellite and CATV infrastructure and receivers, industrial and medical applications, and to a lesser extent addresses the military and aerospace markets. We have a leading position in Power Amplifiers and a top 3 position in Small Signal RF discretes and RF ICs for consumer electronics and cable television infrastructure, while we have emerging businesses in RF ICs for mobile base stations, monolithic microwave ICs ("MMICs") and low noise amplifiers ("LNAs"). Our leadership is based on our world-class proprietary RF process technologies and technology advancements that drive overall system performance, such as power scaling in mobile base stations. We are engaged with the majority of the largest customers in mobile base stations and in several other application areas. Key growth drivers for our high-performance RF business include infrastructure build-outs driven by the substantial growth in mobile data use and digital broadcast adoption, infrastructure development of developing countries, including China, new radar implementations, and our expansion into new product markets such as mobile base station RF ASICs, and wireless communications infrastructure MMICs and LNAs. The market for RF and microwave components, excluding handsets, computing and automotive, which we believe corresponds best with the high-performance RF market, is estimated to be $1.9 billion in 2010. This market is projected to grow at a compounded annual growth rate of 8% to $2.6 billion in 2014.

In lighting, we are the leader in high-intensity discharge drivers, and have emerging positions in CFL and LED drivers. In CFL, we are helping to create an entirely new market for lighting ICs by developing a dimmable CFL lighting driver that replaces existing solutions based on discrete components. Our solution allows midsize lighting OEMs and ODMs to eliminate most of the quality issues that have historically plagued CFL light bulbs, while offering a smaller form factor and new features, such as deep dimming and fast start-up time. Our strength in lighting ICs is based on our leading-edge high-voltage power analog process technologies and system optimization concepts, such as our patented technology to develop sensors-less temperature-controlled LED drivers. According to Datapoint Research Ltd. (2011), the lighting control and power supply/output IC market (excluding microcontrollers) will grow from $1.2 billion in 2010 to $3.3 billion in 2014, which corresponds to a 28% compounded annual growth rate. The lighting IC market is a high growth market, partly driven by government regulations around the world that ban or discourage the use of incandescent light bulbs and encourage or mandate CFL and LED lighting solutions and by energy-savings conscious customers.

In microcontrollers, we have a strong position in multi-purpose 32-bit ARM microcontrollers serving a broad array of applications, including smart metering, white goods, home appliances and various industrial applications. ARM processor cores have been gaining momentum in the general purpose MCU market during the past few years. Our competitive advantage is based on our strategic relationship with ARM, which often makes us the launching partner for its new ARM microcontroller cores, our rich portfolio of analog and security IP, which we integrate with the ARM core into a family of microcontroller products, and our distribution leverage based on our ability to offer a full microcontroller software development kit on a USB stick for approximately $30, compared to traditional software development kits which cost hundreds to thousands of dollars. Our latest ARM Cortex M0-based product achieves pricing levels that places it squarely in competition with 8-bit microcontrollers, while offering better performance in terms of processing speed and system power consumption. This should start expanding the addressable market for 32-bit ARM microcontrollers at the expense of 8-bit ARM microcontrollers. Gartner estimates the market for 32-bit ARM microcontrollers to be $4.8 billion in 2010, and expects a compounded annual growth rate of 7% between 2010 and 2014.

In high-speed data converters, we have developed a high-performance 14/16-bit data converter platform, and were the first to implement the JEDEC high-speed digital serial interface in our products. Our innovative data converter solutions enable our customers to achieve significant breakthroughs in system performance, size and cost reduction, and time-to-market. Due to our strength in small-signal RF products, RF power amplifiers and high-speed data converters, we are unique in covering all component markets involved in designing RF front-end solutions for the wireless communications infrastructure market. Beyond this market segment, our high-speed data converters can be used in a broad range of industrial equipment designs, including medical imaging. The market for data converters for industrial and mobile communications infrastructure is projected to grow at a compounded annual growth rate of 10% between 2010 to 2014, from $0.8 billion to $1.2 billion.

Mobile, Consumer and Computing. We are the market leader in TV front-end solutions, a top three supplier in the fragmented interface market and a leader in digital logic. In addition, we have strong positions in selected niche segments of AC-DC power conversion and personal healthcare markets. We are engaged in development activities and standard setting initiatives with many of the innovation leaders in each of these markets. Our overall High Performance Mixed Signal revenue in these businesses was $711 million in 2011, compared to $779 million in 2010, which represents an 8.7% year over year decline.

We have a leading position in high efficiency AC-DC power conversion ICs for notebook personal computers (our "green chip" solutions), and are expanding our offering into mobile device chargers. 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. The market for power analog ICs for battery chargers for data processing and portable devices is expected to grow at a compounded annual rate of 11%, from $0.27 billion in 2010 to $0.41 billion in 2014.

Our TV front-end products are used in the TV reception and tuning sub-systems of televisions and set-top boxes. We are the leader in the mature markets for IF and MOPLL IC products, which are placed into traditional can tuner modules, and the growing market for silicon tuner products, which are replacing can tuners. In addition, we are pursuing new businesses such as digital outdoor units and full spectrum radio solutions. Our market strengths are our specialty RF process technology, decades of experience in designing tuners that work under all broadcasting standards and conditions across the world, and our innovations in new broadcasting standards. Key growth drivers for our products in these markets include the adoption of silicon tuners by TV manufacturers, penetration of new broadcast standards such as DVB-T2, DVC-C2 and DOCSIS 3.0, and the adoption of multi-tuner applications. With the transition of outdoor satellite units from analog to digital, we are succeeding in replacing incumbent suppliers in those solutions, and we expect customers in the United States to start adopting wide spectrum reception solutions. We estimate the market for silicon tuners and TV front-end products to grow at a compounded annual growth rate of 0% between 2010 and 2014, with $0.60 billion in 2010, according to an internal company model that takes into account a declining market for ICs incorporated in can tuners and a growing market for silicon tuners, outdoor units and full spectrum radios.

The interface products market is highly fragmented with niche markets around each of the established interface standards, where overall we are a top 3 player. Our products address 11 of the 17 interface standards segments that we define to encompass the interface products market and we serve various applications across the mobile, computing, pachinko, e-metering and automotive markets. We have broad product portfolios in five of our 11 addressed interface segments, being UARTs and bridges, I^2C and SPI LED controllers, low power real-time clocks and watch ICs, HDMI switches and transceivers, and display port multiplexers. Our core competencies are the design of high speed interfaces, high voltage design needed for LED and LCD drivers, ultra low power design for real-time clocks and watch ICs, and our ability to engage with leading OEMs in defining new interface standards and product designs. While we engage with leading OEMs to drive our innovation roadmaps, we generate the majority of our revenue by subsequently selling these products to a very broad customer base, which we serve through our distribution channel. Key growth drivers will be the adoption rate of new high-speed interface standards such as display port, and LED, smart meter and display card market growth. Specifically, in display port, we are engaged in development activities and standard setting initiatives with many of the innovation leaders in this market. The interface products market is projected to grow at a 3% compounded annual rate between 2010 and 2014, from a revenue base of $2.8 billion in 2010 to $3.2 billion in 2014.

We have a leading digital logic components business, which we leverage 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 are currently expanding the higher margin product range in this business by expanding, among others, our switches and translators (or custom logic) portfolio and optimizing our manufacturing. Gartner sizes the standard logic market at $1.7 billion in 2010, estimated to grow to $1.9 billion in 2014, which corresponds to a compounded annual growth rate of 3%.

In addition, we have two emerging product development areas, one focused on developing ICs for personal healthcare applications and the other focused on the mobile audio market. Currently, our personal healthcare revenue is generated by our hearing aid products, which leverage our proprietary ultra low power Coolflux DSP, 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 mobile audio business leverages many of the same core technologies and competencies, where we work closely with a number of large smart phone OEMs to define audio chips with increasing levels of silicon integration.

Standard Products

Our Standard Products business supplies a broad range of standard semiconductor components, such as small signal discretes, power discretes and integrated discretes, which we largely produce in dedicated in-house high-volume manufacturing operations. Our small signal and power discretes businesses offer a broad portfolio of standard products, using widely-known production techniques, with characteristics that are largely standardized throughout the industry. 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.

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 integrated discretes businesses offer “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.

	Discretes	Integrated Discretes
Key applications	• SS Transistors and Diodes • SS MOS • Power MOS • Bipolar Power Transistors • Thyristors • Rectifiers	• ESD protection devices
Key product markets	• All applications	• Mobile handsets • Personal computers • Consumer electronics
Key OEM and electronic manufacturing services (EMS) customers	• Bosch • Continental • Delphi • Flextronics • Nokia • Samsung Mobile	• Apple • Asustek • Motorola • Nokia • Oppo BK • Quanta • Sharp • Sony/Sony Ericsson • TCL

The customers listed above represent our largest OEM and electronic manufacturing services customers based on 2010 revenue in the specified key product markets. For Integrated Discretes, it includes our top four mobile handset customers, our top two OEM customers who use our products in consumer applications and our top two personal computers customers. For Discretes, the list includes all our OEM and EMS customers with revenue of over $15 million.

Key distributors across these applications are Arrow, Avnet, Future and WPG. These distributors represent our top four distributors in terms of revenue in 2011. In addition, our three catalog and web-based distributors, Digi-key, Mouser, Premier Farrell, are included based on their strategic positions, as they engage early with all of our customers, thereby enabling us to engage early with customers with whom we may not have direct relationships. Also, because of their internet presence and focus, they are the fastest growing segment of distribution and our fastest growing distributors.

In 2011, our Standard Products business generated net revenue of $925 million, compared to $848 million in 2010, which represents a 9.1% year over year growth. The market for discretes, excluding RF & Microwave, is expected to grow at a compounded annual rate of 6%, from $18.6 billion in 2010 to $23.4 billion in 2014.

Discretes. We are the number two global supplier of small-signal discretes, with one of the broadest product portfolios in the industry. We have been gaining market share in small signal transistors and diodes over the past few years 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. We have recently introduced a new range of general purpose Power MOSFET products in our Trench 6 manufacturing process, and our automotive revenues have rebounded from the low levels experienced in the first half of 2009 due to the economic recovery. Finally, we have small bipolar power, thyristor and rectifier product lines, which are focused on specific applications, such as white goods and lighting, and are sold as part of our overall High Performance Mixed Signal application solutions.

Integrated Discretes. We are a strong supplier of integrated discretes and modules, which are used for interface signal conditioning, filtering and ESD protection in mobile phones, consumer and computing applications. Our system know-how for support in application design-in efforts, our proprietary IP and our volume manufacturing capabilities distinguish us from our competitors. Given the greater IP and product design efforts involved in this business, gross margins earned are typically higher than in discrete components. We are currently broadening our customer base in mobile phone OEMs, and are developing products to address the consumer and computing markets.

Sound Solutions. On July 4, 2011 we sold our Sound Solutions business to Knowles Electronics for $855 million in cash. As part of that deal, Knowles Electronics entered into a supplier agreement with NXP for Mobile Audio ICs like MEMS microphone drivers and smart speaker drivers.

Manufacturing

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 addition, on a limited basis, we also produce and sell wafers and packaging services to our divested businesses (currently Trident, ST-Ericsson and DSPG) in order to support their separation and, on a limited basis, their ongoing operations. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources is expected to decline. We currently have three agreements relating to servicing our divested businesses. The term of the agreements in each case is three years. Our agreement with DSPG expired in December 2010 (although we have an ongoing obligation to supply services relating to certain specialty processes until December 2014), our original agreement with ST-Ericsson expired in August 2011, but was extended until the end of 2012 and our agreement with Trident expires in January 2013. 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.

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 140 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, as internal benchmarks indicate that we achieve a significant cost advantage over outsourcing options due to our scale and operational performance. In addition, control over these processes enables us to deliver better supply chain performance to our customers, providing us with a competitive advantage over our competitors who rely significantly on outsourcing partners. 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:

Site	Ownership	Wafer sizes used	Line widths used (vm) (Microns)	Technology
Front-end				
Singapore[1]	61.2%	8”	0.14-0.25	CMOS
Jilin, China[2]	60%	5”	>4	Bipolar
Nijmegen, the Netherlands	100%	8”	0.14-0.80	CMOS, BiCMOS, LDMOS
Nijmegen, the Netherlands[3]	100%	6”	0.50-3.0	CMOS
Hamburg, Germany	100%	6”/8”	0.5-3.0	Discretes, Bipolar
Manchester, United Kingdom	100%	6”	0.5	Power discretes
Back-end[4]				
Kaohsiung, Taiwan	100%	—	—	Leadframe-based packages and ball grid arrays
Bangkok, Thailand	100%	—	—	Low-pin count leadframes
Hong Kong, China[5]	100%	—	—	Pilot factory discrete devices
Guangdong, China	100%	—	—	Discrete devices
Seremban, Malaysia	100%	—	—	Discrete devices
Cabuyao, Philippines	100%	—	—	Power discretes, sensors and RF modules processes

(1) Joint venture with TSMC; we are entitled to 60% of the joint venture’s annual capacity.
(2) Joint venture with Jilin Sino-Microelectronics Co. Ltd.; we own 60% of the joint venture’s annual capacity.
(3) Announced to close in 2012.
(4) In back-end manufacturing we entered into a joint venture with ASE in Suzhou (ASEN), in which we currently hold a 40% interest.
(5) Announced to close in 2012.

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, while our joint venture plants use wafers ranging from 5 inches to 8 inches. In addition, 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. Our other two 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.

In addition to our semiconductor fabrication facilities, we also operated certain non-semiconductor manufacturing plants, which produced mobile speakers for our former Sound Solutions business and can tuners for the NuTune joint-venture with Technicolor. We sold both these businesses (NuTune in December 2010 and the Sound Solutions business in July 2011), and as such, the dedicated related fabrication facilities have moved to the acquirers of those businesses.

Corporate and Other

We also sold can tuners through our former joint venture NuTune and software solutions for mobile phones through our NXP Software business. On December 14, 2010, we sold our NuTune joint-venture to AIAC and therefore its results were only consolidated up to that date. NuTune represented approximately half of Corporate and Other revenue in 2010.

The NXP Software solutions business develops audio and video multimedia 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 750 million mobile devices produced by the world's leading mobile device manufacturers.

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. We have 36 sales offices in 20 countries.

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 direct customers are Apple, Bosch, Continental, Delphi, Giesecke/Devrient, Harman/Becker, Hua Wei, Nokia, 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) through distribution worldwide. Our key distribution partners are Arrow, Avnet, Future, SAC, Vitec, WPG and Yuban.

Based on total revenue during 2011, excluding the divestiture of our Sound Solutions business and revenue from Manufacturing Operations, our top 40 direct customers accounted for 39% of our total revenue, our ten largest direct customers accounted for approximately 21% of our total revenue and no customer represented more than 7% of our total revenue. We generated approximately 30% of our total revenue through our four largest distribution partners, and another 21% with our other distributors.

Our sales and marketing activities are regulated by certain laws and government regulations, including antitrust laws, legislation governing our customers' privacy and regulations prohibiting or restricting the transfer of technology to foreign nationals and the export of certain electronic components that may have a military application. For example, we are required to obtain licenses and authorizations under the U.S. Export Administration Regulations and the International Traffic in Arms Regulations, in order to export some of our products and technology. Further, some of our products that contain encrypted information are required to undergo a review by the Bureau of Industry and Security of the U.S. Department of Commerce prior to export. While we believe that we have been and continue to be in compliance with these laws and regulations, if we fail to comply with their requirements, we could face fines or other sanctions. We do not believe any such fines or sanctions would be material to our business. In addition, we do not believe that such laws and government regulations impact on the time-to-market of our products. However, any changes in export regulations may impose additional licensing requirements on our business or may otherwise impose restrictions on the export of our products.

Research and Development, Patents and Licenses, etc.

See “Part I—Item 5. Operating and Financial Review and Prospects—C. 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. Few of our competitors have operations across our business lines.

Our key competitors in alphabetical order include Analog Devices Inc., Atmel Corporation, Entropic Communications Inc., Fairchild Semiconductors International Inc., Freescale, Infineon, International Rectifier Corporation, Linear Technology Corporation, Maxim Integrated Products, Inc., MaxLinear, Inc., Microtune Inc., National Semiconductor, NEC Corporation, ON Semiconductor Corporation, Power Integrations Inc., ROHM Co., Ltd., Samsung, Silicon Laboratories Inc., STMicroelectronics and Texas Instruments Incorporated.

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.

Legal Proceedings

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, and we rarely participate in settlement discussions. Although the ultimate disposition of asserted claims and proceedings 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.

Set forth below are descriptions of the Company’s most important legal proceedings pending as of December 31, 2011, for which the related loss contingency is either probable or reasonably possible, including the legal proceedings for which accruals have been made:

* Three former employees of Signetics Corp, a predecessor of NXP Semiconductors USA, Inc. and their respective children each separately filed various counts against NXP Semiconductors USA, Inc. (negligence, premises liability, strict liability, abnormal and ultrahazardous activity, willful and wanton misconduct and loss of consortium) asserting exposure to harmful chemicals and substances while the employees concerned were working in a factory “clean room” of Signetics Corp., resulting in alleged physical injuries and eventual birth defects to their children (cases No. N09C-10-032 JRJ, N10C-05-137 JRJ and 1-10-CV-188679). Initial discovery has commenced by both sides in above mentioned cases. Actual substantive responses are pending. Trial dates for Case No. N09C-10 032 and Case No. N10C-05-137 have been set at October 7, 2013 and April 28, 2014, respectively. No trial date has been set in Case No. 1-10-CV-188679 yet.
* Norit Winkelsteeg B.V. and Vitens N.V. alleged that NXP Semiconductors Netherlands B.V. breached a contract it had entered into with them to build a so-called “permeate-water” factory or, in the alternative, had terminated negotiations to enter into such contract in bad faith. Claimants hold NXP Semiconductors Netherlands B.V. liable for all costs, expenses and damages, including loss of profit. In an interim judgment dated January 27, 2009, the Court of Appeal in Arnhem, the Netherlands, recognized that part of the claim related to costs and expenses could be awarded but the Court further stated that reticence must be observed in awarding compensation for loss of profits. Court appearance is adjourned.

* In 2007, certain former employees of NXP Semiconductors France SAS employed by a subsidiary of the DSP Group, Inc. filed a claim against NXP Semiconductors France SAS before the Tribunal de Grande Instance in an emergency procedure (procédure de référé) to demand re-integration within NXP Semiconductors France SAS, following the closure of the DSP Group's activities in France and the consequent termination of their employment agreements. The claim was rejected by the Tribunal de Grande Instance. The employees concerned then brought the same claim before the Social Court (Conseil de Prud'hommes) in Caen which, on April 27, 2010, also ruled in favor of NXP Semiconductors France SAS. The claimants filed for an appeal in last resort on May 18, 2010, which is still pending.
* ILM Technologies France S.à.r.l. and AMO Consulting S.à.r.l. filed a complaint against NXP Semiconductors France SAS with the Commercial Court (Tribunal de Commerce) of Mans, in France, in November 2007 for breach of a services contract without cause. ILM Technologies France S.à.r.l. and AMO Consulting S.à.r.l. lost the case in first instance on March 30, 2009 and, in appeal on October 19, 2010, before the Court of Appeal (Cour d'Appel) in Angers, France. ILM Technologies France S.à.r.l and AMO Consulting S.à.r.l. filed for appeal in last resort with the Supreme Court (Cour de Cassation), which is still pending.

In addition, on January 7, 2009, the European Commission issued a release in which it confirmed it had started an investigation in the smart card chip sector. The European Commission has reason to believe that the companies concerned may have violated European Union competition rules prohibiting certain practices such as price fixing, customer allocation and the exchange of commercially sensitive information. As one of the companies active in the smart card chip sector, NXP is subject to this ongoing investigation and is assisting the regulatory authorities in this investigation. The investigation is in its initial stage and it is currently not possible to reliably estimate its outcome.

For an overview of how we account for these legal proceedings, see "Part I—Item 5. Operating and Financial Review and Prospects—B. Liquidity and Capital Resources—Critical Accounting Estimates—Legal Proceedings" contained elsewhere in this annual report.

Environmental Regulation

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, we face 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 property in Hamburg, Germany. At our Hamburg location, the remediation process has been ongoing for several years and is expected to continue for several years.

Our former property in Lent, the Netherlands, is affected by trichloroethylene contamination. ProRail B.V., owns certain property located nearby and has claimed that we have caused trichloroethylene contamination on their property. We have rejected ProRail's claims, as we believe that the contamination was caused by a prior owner of our property in Lent. While we are currently not taking any remediation or other actions, we estimate that our aggregate potential liability, if any, in respect of this property will not be material.

Asbestos contamination has been found in certain parts of our properties in Manchester in the United Kingdom and in Nijmegen, the Netherlands. In the United Kingdom, we will be required to dispose of the asbestos when the buildings currently standing on the property are demolished. We estimate our potential liability will not be material. In the Netherlands, we will be required to remediate the asbestos contamination at a leased property, upon termination of the lease. The lease is not expected to end soon and we estimate the cost of remediation will not be material.

Climate change poses both regulatory and physical risks that could harm our results of operations or affect the way we conduct our business. In addition to the possible direct economic impact that climate change could have on us, climate change mitigation programs and regulation may increase our costs. For example, the cost of perfluorocompounds (PFCs), a gas that we use in our manufacturing, could increase over time under some climate-change-focused emissions trading programs that may be imposed by government regulation. If the use of PFCs is prohibited, we would need to obtain substitute materials that may cost more or be less available for our manufacturing operations. We also see the potential for higher energy costs driven by climate change regulations. Our costs could increase if utility companies pass on their costs, such as those associated with carbon taxes, emission cap and trade programs, or renewable portfolio standards.

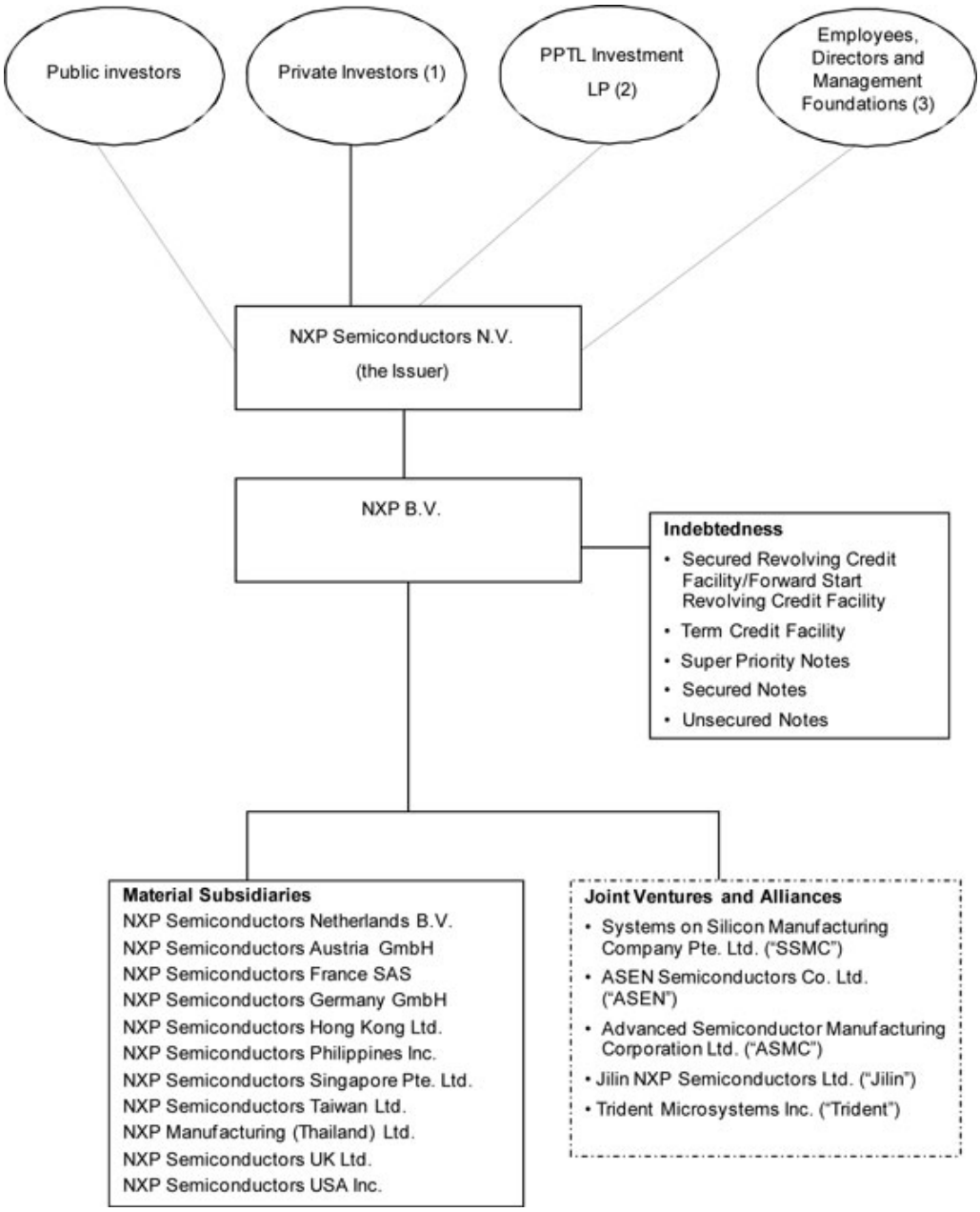
It is our belief that the risks of the environmental issues described above, either individually or on a combined basis, will not have a material adverse effect on our consolidated financial position. However, such outcomes may be material to our consolidated statement of operations for a particular period.

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 in "Part III—Item 19. Exhibits—Exhibit 21.1", which is incorporated herein by reference.

CORPORATE STRUCTURE

The following chart reflects our corporate structure as of December 31, 2011.



(1) Includes the Private Equity Consortium, as well as certain co-investors. Some of our co-investors have recently sold all or part of their shares of our common stock, in accordance with the applicable securities law exemptions from registration.

(2) On October 29, 2010, PPTL Investment LP purchased shares of common stock from Philips Pension Trustees Limited. The latter had purchased these shares of common stock from Royal Philips Electronics on September 7, 2010.

(3) For a more detailed description of our management equity stock option plan ("Management Equity Stock Option Plan") and our Long-Term Incentive Plans 2010 and 2011, see "Part I—Item 6.Management—B. Compensation—Share Based Compensation Plans".

D. *Property, Plant and Equipment.*

NXP uses 62 sites in 27 countries with approximately 23,700 full-time employees, 8.9 million square feet of total owned and leased building space of which 5.1 million square feet is owned property.

The following table sets out our principal real property holdings as of December 31, 2011:

Location	Use	Owned/leased	Building space (square feet)
Eindhoven, the Netherlands	Headquarters	Leased	248,753
Hamburg, Germany	Manufacturing	Owned	766,074
Nijmegen, the Netherlands	Manufacturing	Owned	2,031,365
Singapore	Manufacturing	Leased	841,048
Bangkok, Thailand	Manufacturing	Owned	604,231
Cabuyao, Philippines	Manufacturing	Owned	444,086
Kaohsuing, Taiwan	Manufacturing	Leased	338,118
Kaohsuing, Taiwan	Manufacturing	Owned	525,681
Manchester, United Kingdom	Manufacturing	Owned	221,787
Jilin, China[1]	Manufacturing	Leased	138,783
Hong Kong, China	Manufacturing	Leased	289,990
Guangdong, China	Manufacturing	Leased	924,544
Seremban, Malaysia	Manufacturing	Owned	291,037

(1) Leased by the Jilin joint venture.

In addition to the foregoing, we own or lease over 51 additional sites around the world for research and development, sales and administrative activities.

The following is a summary of the terms of our material lease agreements:

SSMC leases 841,048 square feet of space at 70 Pasir Ris Drive 1 in Singapore from Jurong Town Corporation for use as a manufacturing facility. The lease commenced on June 1, 1999 for a term of 30 years at an annual rental rate of 1,484,584 Singapore Dollars ($1,146,378), which amount is subject to revision up to, but not exceeding, 5% of the yearly rent for the immediately preceding year, on the anniversary of the lease commencement date.

We lease 924,544 square feet of manufacturing space through our subsidiary, NXP Semiconductors Guangdong Ltd., at Tian Mei High Tech, Industrial Park, Huang Jiang Town, Dongguan City, China, from Huangjiang Investment Development Company (“Huangjiang”). The lease commenced on October 1, 2003 for a term of 13 years at an annual rental rate calculated to be the greater of: (a) a yearly rental rate of RMB96 ($15) per square meter or (b) a yearly rent equal to 13% of the actual construction cost of the leased facility. The rental amount is subject to revision on an annual basis, subject to the interest rate Huangjiang must pay for loans used in the construction of the facilities agreed upon in the lease.

We lease 187,234 square feet of public land and manufacturing space through our subsidiary, NXP Semiconductors Taiwan Ltd., located in Nanzi Manufacturing and Export Zone, Taiwan, from the Export Processing Zone Administration, Ministry of Economic Affairs. We lease the manufacturing space and its associated parcels of land in a series of leases, the earliest of which commenced on March 13, 2000 and the last of which expires on September 30, 2018. Our monthly rental rate on the combined leases is 3,582,979 New Taiwan Dollars ($118,35) per month plus a 5% business tax applicable thereto as from July 1, 2008.

Item 4A. Unresolved Staff Comments

Not applicable.

Item 5. Operating and Financial Review and Prospects

A. *Operating results.*

Basis of Presentation

Reporting Segments

We are a global semiconductors company and leading provider of High Performance Mixed Signal and Standard Product solutions that leverage our leading RF, Analog, power management, interface, security and digital processing expertise. These innovations are used in a wide range of automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications.

We have operations in more than 27 countries and our business is organized into three reportable segments: two market-oriented business segments, High Performance Mixed Signal ("HPMS") and Standard Products ("SP"), and one other reportable segment, Manufacturing Operations. Corporate and Other represents the remaining portion to reconcile to the consolidated statements along with the divested Home activities, which were divested in 2010. See "Part I—Item 4. Information on the Company—A. History and Development of the Company—Reporting Segments".

Recent Developments

On February 16, 2012, we announced that our subsidiaries, NXP B.V. and NXP Funding LLC, entered into the 2019 Term Loan. The transaction is scheduled to fund on or before March 19, 2012. This new long-term debt has a seven year maturity, has a margin of 4% above LIBOR, with a LIBOR floor of 1.25%, and was priced at 98.5% of par. The covenants of the 2019 Term Loan are substantially the same as those contained in our 2017 Term Loans. We intend to use the proceeds from the 2019 Term Loan, together with available borrowing capacity under the Revolving Credit Facility, to redeem all of our outstanding euro-denominated 8 5/8% Senior Notes due October 2015 and U.S. dollar-denominated 9 1/2% Senior Notes due October 2015, for a total amount of approximately $775 million.

On January 4, 2012, Trident Microsystems, Inc., ("Trident") of which we currently hold 57% of the stock, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Although the outcome of the procedure is difficult to determine at this date, it has been announced that Trident and Entropic Communications Inc. ("Entropic") have reached an agreement on the sale of Trident's set-top-box business (which constituted part of the consideration we used to purchase its common stock) to Entropic. At this time, the long-term impact to revenue associated with manufacturing services provided and goods supplied by NXP to Trident group companies, and potentially to Entropic, is not known.

Treasury shares

As announced on July 29 and August 17, 2011, we started a stock repurchase program to repurchase shares to cover in part employee stock options and equity rights under our long term incentive plans. Under the repurchase program, we may repurchase up to 8 million shares of our common stock from time to time in both privately negotiated and open market transactions, subject to management's evaluation of market conditions, terms of private transactions, the best interests of our shareholders, applicable legal requirements and other factors. There is no guarantee as to the exact number of shares that will be repurchased under the stock repurchase program, and we may terminate the repurchase program at any time. In connection with our share repurchase programs, shares that have been repurchased are held in treasury for delivery upon exercise of options and under restricted share programs and are accounted for as a reduction of stockholders' equity. As at December 31, 2011, 3,915,144 shares were held in treasury under this program.

Secondary Offering of Common Stock

After our IPO in August 10, 2010 of 34 million shares of common stock on the NASDAQ Global Select Market under the ticker "NXPI", certain of our stockholders offered an additional 30 million shares of our common stock on March 31, 2011, which was priced at $30.00 per share. The underwriters of the offering exercised in full their option to purchase from the selling stockholders up to 4,431,000 additional shares of common stock at the secondary offering price. We did not receive any proceeds from this secondary offering. The settlement date for the offering was April 5, 2011.

Factors Affecting Comparability

Economic Situation

In 2011, the massive earthquake in Japan followed by a tsunami, a major flood in Thailand and the global weakening of the economic climate had an impact on the demand and supply in the semiconductor market and has negatively impacted our revenues and profitability in the year 2011. In the year 2010, an overall market recovery from the global economic downturn, which started in the second half of 2008 and continued through 2009, had a positive impact on our revenues and profitability. For more information on trends and other factors affecting our business see “Part I – Items 3. Key Information – D. Risk Factors”.

Restructuring and Redesign Program

Since our separation from Philips, we have taken significant steps to reposition our businesses and operations through a number of acquisitions, divestments and restructurings. As a result of the Redesign Program and other restructurings, costs were reduced significantly, driven by lower costs in manufacturing, research and development and selling, general and administrative activities. Between 2008 and 2011, we executed our Redesign Program to refocus and resize our business in response to a challenging economic environment. and achieved approximately $928 million in annualized savings, as compared to our annualized third quarter results for 2008, which was the quarter during which we contributed our wireless operations to ST-NXP Wireless. Between 2008 and 2011, $727 million has been paid related to the Redesign Program and other restructuring activities.

Restructuring and Other Incidental Items

Certain gains and losses of an incidental but sometimes recurring nature have affected the comparability of our results over the years. These include costs related to the Redesign Program and other restructuring programs, process and product transfer costs, costs related to our separation from Philips and gains and losses resulting from divestment activities and impairment charges.

Certain of these restructuring and other incidental items are recorded in our cost of revenue, which affects our gross profit and operating income, while certain other restructuring and other incidental items are recorded in our operating expenses, which only affect our operating income.

Net investment hedge accounting

The Company has applied net investment hedge accounting since May, 2011. The U.S. dollar exposure of the $1.7 billion net investment in U.S. dollar functional currency subsidiaries has been hedged by our U.S. dollar denominated notes. As a result, in 2011, a charge of $203 million was recorded in other comprehensive income, relating to the foreign currency result on the U.S. dollar notes that are recorded in a euro functional currency entity. Absent the application of net investment hedge accounting this amount would have been recorded as a loss within financial income (expense) in the statement of operations.

Capital Structure

As of December 31, 2011, the book value of our total debt was $3,799 million and included $52 million of short-term debt and $3,747 million of long-term debt. This is $752 million lower than the book value of total debt of $4,551 million as of December 31, 2010.

In 2011, we entered into the 2017 Term Loans dated March 4, 2011 and November 18, 2011, and issued new Dollar Floating Rate Secured Notes pursuant to a senior secured indenture dated as of November 10, 2011, which increased the book value of our long term debt by $1,584 million. In addition, other new borrowings increased long-term debt by $6 million.

The effect of foreign currency differences on long-term debt was negligible, whereas an accrual of debt discount increased long-term debt by $19 million in 2011. Other effects caused a decrease of $15 million, mainly representing the increase in the current portion of long-term debt, which decreased the book value of long-term debt by $12 million.

In 2011, through a combination of individually negotiated buybacks and debt redemptions, we were able to reduce the book value of our long-term debt by $1,975 million.
Furthermore, total debt was also reduced in 2011 by $371 million in short-term debt, of which $400 million consisted of a repayment under our Secured Revolving Credit Facility.

As a result of the newly issued long-term debt and the debt buybacks and redemptions, our full year net interest expense was reduced from $359 million in 2009 to $318 million in 2010 and to $307 million in 2011.

The total cash used for individually negotiated debt buybacks in 2011 amounted to $1,997 million, resulting in a total recognized loss of $32 million on these transactions, compared to a gain of $57 million during 2010. Principal other payments on long-term debt amounted to $10 million. The net cash proceeds from the issuance of long-term debt amounted to $1,578 million.

Impairment of Goodwill and Other Intangibles

Our goodwill is tested for impairment on an annual basis in accordance with ASC 350, “Intangibles—Goodwill and Other”. Based on the impairment analysis in the fourth quarter of 2011, we have concluded that no impairment is required because the fair value significantly exceeded the carrying value. No impairment was required in 2010.

In 2009, following the announcement to sell a major portion of our former Home segment to Trident, the assets and liabilities to be divested were reported as held for sale at fair value less cost to sell. For these assets held for sale, an impairment of $69 million was recorded in 2009 and included in the segment Divested Home Activities.

Effect of Acquisition Accounting

Our Formation

On September 29, 2006, Philips sold 80.1% of its semiconductor business to the Private Equity Consortium in a multi-step transaction. We refer to this acquisition as our “Formation”.

The Formation has been accounted for using the acquisition method. Accordingly, the $10,601 million purchase price has been “pushed down” within the NXP group and allocated to the fair value of assets acquired and liabilities assumed.

The carrying value of the net assets acquired and liabilities assumed, as of the Formation date on September 29, 2006, amounted to $3,302 million. This resulted in an excess of the purchase price over the carrying value of $7,299 million. The excess of the purchase price was allocated to intangible assets, step-up on tangible assets and liabilities assumed, using the estimated fair value of these assets and liabilities.

An amount of $3,096 million, being the excess of the purchase price over the estimated fair value of the net assets acquired, was allocated to goodwill. This goodwill is not amortized, but is tested for impairment at least annually.

Other Significant Acquisitions

Since its Formation, NXP has acquired various companies and businesses. These acquisitions have been accounted for using the acquisition method, and the respective purchase prices have been “pushed down” within the NXP group and allocated to the fair value of the assets acquired and the liabilities assumed. This has also resulted in an allocation to goodwill for the excess of the purchase price over the estimated fair value of the net assets acquired. The related goodwill is not amortized but included in the annual impairment test. Adjusting the carrying value of the assets acquired in the Formation and subsequent acquisitions to their fair value has had an adverse effect on our operating income for various reporting periods, stemming from amortization charges on intangible assets and higher depreciation charges on tangible fixed assets that are the result of acquisition accounting effects.

The cumulative net effect resulting from the application of acquisition accounting is recorded in the financial statements with the term “PPA effect”. This effect is calculated taking into account the fact that any divestments and impairments in any particular reporting period reduce the amortization and depreciation charges going forward. Impairment losses are not part of the PPA effect.

Divestments

- *2011*

On July 4, 2011, we sold our Sound Solutions business (formerly included in our SP segment) to Knowles Electronics for $855 million in cash. The transaction resulted in a gain of $414 million, net of post-closing settlements, transaction-related costs, including working capital settlements, cash divested and taxes, which is included in income from discontinued operations. The consolidated financial statements have been reclassified for all periods presented to reflect the Sound Solutions business as a discontinued operation.

- *2010*

On December 20, 2010, we completed the sale of our 55% shareholding in the NuTune joint venture. This joint venture represented the combination of our can tuner modules operation with those of Technicolor (formerly Thomson S.A.).

In September 2010, we sold all of the Virage Logic Corporation ("Virage Logic") shares that we held.

On February 8, 2010, we completed the transaction to sell the television systems and set-top-box business lines, which were included in our former business segment Home, to Trident Microsystems, Inc. in exchange for outstanding common stock of Trident. The transaction consisted of the sale of our television systems and set-top-box business lines, together with an additional net payment of $54 million (of which $7 million was paid subsequent to the closing date) to Trident, for a 60% shareholding in Trident, valued at $177 million based on the quoted market price at the transaction date. Trident was listed on the NASDAQ in the United States at that time. Currently, we hold approximately 57% of the outstanding common stock of Trident. Our ownership interest was diluted as a result of Trident's issuance of share capital. On January 4, 2012, Trident filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code, and was subsequently delisted from the NASDAQ.

- *2009*

On November 16, 2009, we completed our strategic alliance with Virage Logic and obtained approximately 9.8% of Virage Logic's outstanding common stock. This transaction included the transfer of our advanced CMOS horizontal intellectual property and development team in exchange for the rights to use Virage Logic's intellectual property and services. Virage Logic is a provider of both functional and physical semiconductor intellectual property for the design of complex integrated circuits. The shares of Virage Logic are listed on the NASDAQ Global Market. Considering the terms and conditions agreed between the parties, we accounted for our investment in Virage Logic at cost.

Research and Development

The divestment of our Home Activities in 2010 resulted in a reduction of our research and development expenses. These divested activities accounted for $239 million in 2009 and $16 million until February 8, 2010. This reduction in research and development expenses is in addition to our cost savings from the Redesign Program.

Statement of Operations Items

Revenue

Our revenue is primarily derived from sales of our semiconductor and other components to OEMs and similar customers, as well as from sales to distributors. Our revenue also includes sales from wafer foundry and packaging services to our divested businesses, which are reported under our segment Manufacturing Operations.

Cost of Revenue

Our cost of revenue consists primarily of the cost of semiconductor wafers and other materials, and the cost of assembly and test. Cost of revenue also includes personnel costs and overhead related to our manufacturing and manufacturing engineering operations, related occupancy and equipment costs, manufacturing quality, order fulfillment and inventory adjustments, including write-downs for inventory obsolescence, gains and losses due to conversion of accounts receivable and accounts payable denominated in currencies other than the functional currencies of the entities holding the positions, gains and losses on cash flow hedges that hedge the foreign currency risk in anticipated transactions and subsequent balance sheet positions, and other expenses.

Gross Profit

Gross profit is our revenue less our cost of revenue, and gross margin is our gross profit as a percentage of our revenue. Our revenue includes sales from wafer foundry and packaging services to our divested businesses, which are reported under our segment Manufacturing Operations. In accordance with the terms of our divestment agreements, because the sales to our divested businesses are at a level approximately equal to their associated cost of revenue, there is not a significant contribution to our gross profit from these specific sales and hence they are dilutive to our overall company gross margin. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources is expected to decline, and, therefore, the dilutive impact on gross profit is expected to decrease over time.

Research and Development Expenses

Research and development expenses consist primarily of personnel costs for our engineers engaged in the design, development and technical support of our products and related developing technologies and overhead. These expenses include third-party fees paid to consultants, prototype development expenses and computer services costs related to supporting computer tools used in the engineering and design process.

Selling Expenses

Our sales and marketing expense consists primarily of compensation and associated costs for sales and marketing personnel including field application engineers and overhead, revenue commissions paid to our independent sales representatives, costs of advertising, trade shows, corporate marketing, promotion, travel related to our sales and marketing operations, related occupancy and equipment costs and other marketing costs.

General and Administrative Expenses

Our general and administrative expense consists primarily of compensation and associated costs for management, finance, human resources and other administrative personnel, outside professional fees, allocated facilities costs and other corporate expenses. General and administrative expenses also include amortization and impairment charges for intangibles assets other than goodwill, impairment charges for goodwill and impairment charges for assets held for sale.

Other Income (Expense)

Other income (expense) primarily consists of gains and losses related to divestment of activities and subsidiaries, as well as gains and losses related to the sale of long-lived assets and other non-recurring items.

Operating Income (Loss)

Operating income (loss) from operations is our gross profit less our operating expenses (which consist of selling expenses, general and administrative expenses, research and development expenses and write-offs of acquired in-process research and development activities), plus other income (expense).

Extinguishment of Debt

Extinguishment of debt is the gain or loss arising from the exchange or repurchase of our notes, net of write downs for the proportionate costs related to the initial bond issuances.

Other Financial Income (Expense)

Other financial income (expense) consists of interest earned on our cash, cash equivalents and investment balances, interest expense on our debt (including amortization of debt issuance costs), results on the sale of securities, gains and losses due to foreign exchange rates, other than those included in cost of revenue, and certain other miscellaneous financing costs and income.

Benefit (Provision) for Income Taxes

We have significant net deferred tax assets resulting from net operating loss carry forwards, tax credit carry forwards and deductible temporary differences that reduce our taxable income. Our ability to realize our deferred tax assets depends on our ability to generate sufficient taxable income within the carry back or carry forward periods provided for in the tax law for each applicable tax jurisdiction. The main component of the provision for income taxes relates to the tax expense in jurisdictions where we are in a tax paying position and have not recorded a valuation allowance, and withholding taxes.

Results Relating to Equity-Accounted Investees

Results relating to equity-accounted investees consist of our equity in all gains and losses of joint ventures and alliances that are accounted for under the equity method.

Income (Loss) from Discontinued Operations

For businesses classified as discontinued operations, the results of operations are reclassified from their historical presentation to income (loss) from discontinued operations on the consolidated statements of operations. Any gain (loss) on the sale of a discontinued operation is also included.

Net Income (Loss)

Net income (loss) is the aggregate of operating income (loss), financial income (expense), benefit (provision) for income taxes, results relating to equity-accounted investees, gains or losses resulting from a change in accounting principles, extraordinary income (loss) and gains or losses related to discontinued operations.

Use of Certain Non-GAAP Financial Measures

Comparable revenue growth is a non-GAAP financial measure that reflects the relative changes in revenue between periods adjusted for the effects of foreign currency exchange rate changes and material acquisitions and divestments, combined with reclassified product lines (which we refer to as consolidation changes). Our revenue is translated from foreign currencies into our reporting currency, the U.S. dollar, at monthly exchange rates during the respective years. As such, revenue as reported is impacted by significant foreign currency movements year over year. In addition, revenue as reported is also impacted by material acquisitions and divestments. We believe that an understanding of our underlying revenue performance on a comparable basis year over year is enhanced after these effects are excluded.

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

We understand that, although comparable revenue growth and net debt are used by investors and securities analysts in their evaluation of companies, these concepts have limitations as an analytical tool, and they should not be considered in isolation or as a substitute for analysis of our results of operations as reported under U.S. GAAP. Comparable revenue growth should not be considered as an alternative to nominal revenue growth, or any other measure of financial performance calculated and presented in accordance with U.S. GAAP. Calculating comparable revenue growth involves a degree of management judgment and management estimates and you are encouraged to evaluate the adjustments we make to nominal revenue growth and the reasons we consider them appropriate. Comparable revenue growth may be defined and calculated differently by other companies, thereby limiting its comparability with comparable revenue growth used by such other companies.

Net debt should not be used as an alternative to any other measure in accordance with U.S. GAAP.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010

Revenue

The following table presents revenue by segment for the years ended December 31, 2011 and 2010.

	For the year ended December 31,					
	2010			2011		
($ in millions, unless otherwise stated)	Revenue	% nominal growth	% comparable growth	Revenue	% nominal growth	% comparable growth
High Performance Mixed Signal	2,846	41.5	43.4	**2,906**	**2.1**	**0.9**
Standard Products	848	49.6	52.0	**925**	**9.1**	**7.4**
Manufacturing Operations	525	62.0	(13.3)	**316**	**(39.8)**	**(42.7)**
Corporate and Other	136	(17.6)	(12.7)	**47**	**(65.4)**	**4.5**
Divested Home Activities	47	—	—	**—**	**—**	**—**
Total	4,402	25.1	36.1	**4,194**	**(4.7)**	**(3.2)**

The following table summarizes the calculation of comparable revenue growth and provides the reconciliation from nominal revenue growth, the most directly comparable financial measure presented in accordance with U.S. GAAP, for the years presented:

	For the year ended December 31,	
(in %)	2010	2011
Nominal revenue growth	25.1	**(4.7)**
Effects of foreign currency exchange rate changes[1]	1.7	**(1.2)**
Consolidation changes[2]	9.3	**2.7**
Comparable revenue growth[3]	36.1	**(3.2)**

(1) Reflects the currency effects that result from the translation of our revenue from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years.

(2) Reflects the relative changes in revenue between periods arising from the effects of material acquisitions and divestments and reclassified product lines. For an overview of our significant acquisitions and divestments, see “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating results—Factors Affecting Comparability—Effect of Acquisition Accounting”.

(3) Comparable revenue growth reflects the relative changes in revenue between periods adjusted for the effects of foreign currency exchange rate changes, material acquisitions and divestments and reclassified product lines. Our revenue is translated from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years. As a result of significant currency movements throughout the year and the impact of material acquisitions and divestments on comparable revenue figures, we believe that an understanding of our revenue performance is enhanced after these effects are excluded.

Revenue was $4,194 million in 2011 compared to $4,402 million in 2010, a nominal decline of 4.7%, and a comparable decline of 3.2%. The decline in revenue was primarily due to lower revenues from Manufacturing Operations as contractual obligations to provide manufacturing services for previously divested businesses expired. Revenue from Corporate and Others, which we no longer treat as a separate segment (see “Item 4. Information on the Company—Reporting Segments”) was also lower due to the divestment of the NuTune business in 2010 for which there was no corresponding revenue in 2011. Revenue for the NuTune business in 2010 amounted to $91 million. Furthermore, revenue in 2010 included $47 million related to our Divested Home Activities. This decline in revenue was partially offset by increased revenue from our two market oriented segments, HPMS and SP, which, on a combined basis, increased by $137 million or 3.7% in 2011 compared to 2010. This increase was led by our Identification business within HPMS and strong performance across our SP portfolio.

Gross Profit

Our gross profit increased to $1,906 million in 2011, or 45.4% of our revenue, from $1,823 million in 2010, or 41.4% of our revenue. Our gross profit as a percentage of our revenue was impacted by the dilutive effect of product sales at cost to divested businesses by our Manufacturing Operations. The increase in gross profit in 2011 was largely due to our higher revenues in HPMS and SP and our better product mix. Though our average factory utilization for the full year 2011 declined to 85% compared to 96% in 2010, cost efficiencies resulting from the Redesign Program had a positive impact on our gross profit. The PPA effects that were included in our gross profit amounted to $27 million in 2011, compared to $21 million in 2010. Also included in our gross profit were restructuring and other incidental items, which amounted to an aggregate cost of

$55 million in 2011 and were mainly related to the closure of production facilities and related headcount reductions. The restructuring and other incidental items included in our gross profit in 2010 amounted to an aggregate cost of $31 million and was mainly related to process and product transfer costs and other restructuring related costs of the Redesign Program.

Research and Development Expenses

Our research and development expenses were $635 million in 2011, or 15.1% of our revenue, compared to $568 million in 2010, or 12.9% of our revenue, in 2010. Research and development expenses increased due to additional investments in HPMS applications and higher restructuring and other incidental costs of $30 million. In 2011, the cost of these restructuring and other incidental items was $24 million and was mainly related to headcount reductions. In 2010, the restructuring and other incidental items reflected income of $6 million due to the release of certain restructuring liabilities.

Research and development expenses in 2011 also increased as a result of acquisition of Jennic Limited in 2010. These increases were partially offset by the absence of research and development expenses incurred in 2010 related to the Divested Home Activities of $16 million.

Selling Expenses

Our selling expenses were $285 million in 2011, or 6.8% of our revenue, compared to $265 million in 2010, or 6.0% of our revenue. The increase in selling expenses was mainly due to investments made in resources for our Identification business.

General and Administrative Expenses

General and administrative expenses amounted to $633 million in 2011, or 15.1% of our revenue, compared to $701 million in 2010, or 15.9% of our revenue. The decrease in general and administrative expenses was due to lower annual performance based incentive costs, lower PPA effects and lower restructuring and other incidental items. The PPA effects included in general and administrative expense amounted to $274 million in 2011, compared to $281 million in 2010. Also included in general and administrative expenses are the restructuring and other incidental items which amounted to an aggregate cost of $57 million in 2011 compared to an aggregate cost of $68 million in 2010. The restructuring and other incidental items in 2011 were mainly related to actions taken to reduce headcount and IT system reorganization costs. The restructuring and other incidental items in 2010 were mainly related to certain divestment and acquisition related costs, IT system reorganization costs and other restructuring costs.

Other Income (Expense)

Other income and expense was a gain of $4 million in 2011, compared to a loss of $16 million in 2010. Included are incidental items, amounting to an aggregate cost of $13 million in 2011, compared to $19 million in 2010. The gains resulting from various transactions in 2011 were partially offset by the loss on sale of various tangible fixed assets. The loss in 2010 was mainly related to the divestment of a major portion of our former Home segment, partially offset by gains on sale of certain tangible fixed assets.

Restructuring Charges

In 2011, we had restructuring charges of $66 million which were mainly related to future closure of ICN 4 wafer fabrication facility in Nijmegen, the Netherlands and actions to reduce headcount. These charges were partially offset by a release of restructuring liabilities of $8 million related to earlier defined programs, including the Redesign Program. Furthermore, we incurred $32 million of restructuring related costs (mainly relating to personnel lay-off costs) in 2011 which were directly charged to our operating income. In 2010, we had restructuring charges of $7 million mainly related to the divestment of a major portion of our former Home segment. These charges were more than offset by a release of restructuring liabilities of $40 million related to prior announced restructuring projects. In addition, we incurred $53 million of restructuring related costs in 2010 (excluding product transfer cost charged to cost of sales) which were directly charged to operating income.

Net restructuring and restructuring related costs that affected our operating income in 2011 were $90 million compared to $20 million in 2010.

Operating Income (Loss)

The following tables present operating income (loss) by segment for the years ended December 31, 2011 and 2010, which includes the effects of PPA, restructuring and other incidental items and impairment charges:

	For the year ended December 31, 2011		
($ in millions)	**Operating income (loss)**	**Effects of PPA**	**Restructuring and Other Incidental Items**
High Performance Mixed Signal	**339**	**(218)**	**(44)**
Standard Products	**141**	**(57)**	**(6)**
Manufacturing Operations	**(60)**	**(26)**	**(29)**
Corporate and Other	**(63)**	**—**	**(73)**
Total	**357**	**(301)**	**(152)**

	For the year ended December 31, 2010		
($ in millions)	**Operating income (loss)**	**Effects of PPA**	**Restructuring and Other Incidental Items**
High Performance Mixed Signal	387	(222)	12
Standard Products	91	(54)	(2)
Manufacturing Operations	(57)	(25)	(35)
Corporate and Other	(117)	(1)	(55)
Divested Home Activities	(31)	—	(30)
Total	273	(302)	(110)

The table below depicts the PPA effects per line item in the statement of operations.

	For the year ended December 31,	
($ in millions)	**2010**	**2011**
Gross profit	(21)	**(27)**
General and administrative expenses	(281)	**(274)**
Operating income (loss)	(302)	**(301)**

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, as well as the charge to cost of sales of the remaining book value of intangible assets in case of sale of those assets. The amortization charges related to intangible assets are primarily reflected in general and administrative expenses.

Financial Income (Expense)

	For the year ended December 31,	
($ in millions)	**2010**	**2011**
Interest income	2	**5**
Interest expense	(320)	**(312)**
Foreign exchange rate results	(331)	**128**
Net gain (loss) on extinguishment of debt	57	**(32)**
Other	(36)	**(46)**
Total	(628)	**(257)**

Financial income (expense) (including the extinguishment of debt) was a net expense of $257 million in 2011, compared to a net expense of $628 million in 2010. In 2011, financial income (expense) included a gain of $128 million as a result of changes in foreign exchange rates mainly applicable to remeasurement of our U.S. dollar-denominated notes and short-term loans, which reside in a euro functional currency entity, compared to a loss of $331 million in 2010. Extinguishment of debt in 2011 amounted to a loss of $32 million compared to a gain of $57 million in 2010. The net interest expense amounted to $307 million in 2011 compared to $318 million in 2010. The reduction in net interest costs was related to lower gross debt during 2011, compared to gross debt as at end of 2010.

Benefit (Provision) for Income Taxes

The provision for income taxes was $21 million for the year ended December 31, 2011, compared to $24 million for the year ended December 31, 2010, and the effective income tax rates were 21.0% and negative 6.8% respectively. The change in the effective tax rate for the year ended December 31, 2011 compared to the same period in the previous year was primarily due to a decrease in losses recorded in jurisdictions where a full valuation allowance was recognized. The effective tax rate for the year ended December 31, 2011, also included a benefit from a reversal of a provision and a decrease in unrecognized tax benefits.

Results Relating to Equity-accounted Investees

Results relating to the equity-accounted investees amounted to a loss of $77 million in 2011, compared to a loss of $86 million in 2010. The loss in 2011 and 2010 was mainly related to our investment in Trident.

Income (Loss) on Discontinued Operations

The income on discontinued operations, net of taxes was $434 million in 2011 compared to $59 million in 2010. This related entirely to the results of our Sound Solutions business, which was sold during 2011.

Net Income (Loss)

Our net income in 2011 was $436 million, compared to a net loss of $406 million in 2010. The improvement in our net income was mainly related to:

- an increase in our operating income which amounted to $357 million in 2011 compared to $273 million in 2010;
- foreign exchange results included in financial income (expense) of a gain of $128 million in 2011 compared to a loss of $331 million in 2010;
- and income from discontinued operations amounting to a gain of $434 million in 2011 compared to a gain of $59 million in 2010.

Non-controlling Interests

The share of non-controlling interests was a profit of $46 million in 2011, compared to a profit of $50 million 2010. This was related to the third-party share in the results of consolidated companies, predominantly SSMC.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009

Revenue

The following table presents revenue by segment for the years ended December 31, 2010 and 2009.

	For the year ended December 31,					
	2009			2010		
($ in millions, unless otherwise stated)	Revenue	% nominal growth	% comparable growth	Revenue	% nominal growth	% comparable growth
High Performance Mixed Signal	2,011	(19.9)	(18.2)	2,846	41.5	43.4
Standard Products	567	(25.0)	(23.6)	848	49.6	52.0
Manufacturing Operations	324	—	(29.0)	525	62.0	(13.3)
Corporate and Other	165	(24.7)	(58.3)	136	(17.6)	(12.7)
Divested Home Activities	452	(10.0)	(22.7)	47	—	—
Total	3,519	(31.1)	(22.6)	4,402	25.1	36.1

The following table summarizes the calculation of comparable revenue growth and provides the reconciliation from nominal revenue growth, the most directly comparable financial measure presented in accordance with U.S. GAAP, for the years presented:

	For the year ended December 31,	
(in %)	2009	2010
Nominal revenue growth	(31.1)	25.1
Effects of foreign currency exchange rate changes[1]	1.3	1.7
Consolidation changes[2]	7.2	9.3
Comparable revenue growth[3]	(22.6)	36.1

(1) Reflects the currency effects that result from the translation of our revenue from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years.

(2) Reflects the relative changes in revenue between periods arising from the effects of material acquisitions and divestments and reclassified product lines. For an overview of our significant acquisitions and divestments, see “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating results—Factors Affecting Comparability—Effect of Acquisition Accounting”.

(3) Comparable revenue growth reflects the relative changes in revenue between periods adjusted for the effects of foreign currency exchange rate changes, material acquisitions and divestments and reclassified product lines. Our revenue is translated from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years. As a result of significant currency movements throughout the year and the impact of material acquisitions and divestments on comparable revenue figures, we believe that an understanding of our revenue performance is enhanced after these effects are excluded.

Revenue was $4,402 million in 2010 compared to $3,519 million in 2009, a nominal increase of 25.1%, and a comparable increase of 36.1%. This increase in revenue was due to the overall market recovery, our ability to ramp up production to meet higher demand and our share gains across a wide range of our business lines.

The increase in our total revenue was partly offset by the divestment of a major portion of our former Home segment to Trident on February 8, 2010. Revenue of these Divested Home Activities amounted to $47 million in 2010 compared to $452 million in 2009. However, NXP agreed to continue supplies for the related divested activities and these amounted to $244 million in 2010, compared to nil in 2009 and are reported under the Manufacturing Operations segment. Furthermore, revenue in 2010 compared to 2009 was also affected by unfavorable currency effects of $51 million.

Gross Profit

Our gross profit increased to $1,823 million in 2010, or 41.4% of our revenue, from $898 million in 2009, or 25.5% of our revenue. Our gross profit as a percentage of our revenue was impacted by the dilutive effect of our Manufacturing Operations segment. The PPA effects that were included in our gross profit amounted to $21 million in 2010, compared to $69 million in 2009. Also included in our gross profit were restructuring and other incidental items, which amounted to an aggregate cost of $31 million in 2010 and were mainly related to process and product transfer costs and other restructuring costs as part of the Redesign Program. The restructuring and other incidental items included in our gross profit in 2009 amounted to an aggregate cost of $158 million and were largely related to process and product transfer costs and our exit of certain product lines in connection with our Redesign Program.

The increase in gross profit in 2010 was largely due to higher revenue and was supported by the cost reductions that we achieved as a result of the ongoing Redesign Program. Our factory utilization also improved from 60% in 2009 to 96% in 2010. The divestment of a major portion of our former Home segment to Trident also had an impact on our gross profit. These Divested Home Activities achieved a gross profit of $16 million until February 8, 2010, compared to a gross profit of $130 million for the full year of 2009.

Research and Development Expenses

Our research and development expenses were $568 million in 2010, or 12.9% of our revenue, compared to $764 million in 2009, or 21.7% of our revenue, in 2009. In 2010, research and development expenses included restructuring and other incidental items amounting to an aggregate income of $6 million. These were mainly due to the release of certain restructuring liabilities. The restructuring and other incidental items in 2009 amounted to an aggregate cost of $69 million and were mainly related to restructuring costs and merger and acquisition related costs.

The decline in research and development expenses was largely due to the divestment of a major portion of our former Home segment to Trident. Research and development expense for the Divested Home Activities amounted to $16 million in 2010 (until February 8, 2010) compared to $239 million in 2009. Further reductions in our research and development expenses were achieved as a result of our transaction with Virage Logic and our ongoing Redesign Program. However, these reductions were partly offset by higher investments in HPMS applications.

Selling Expenses

Our selling expenses were $265 million in 2010, or 6.0% of our revenue, in 2010, compared to $271 million in 2009, or 7.7% of our revenue. We made additional investments in resources in our sales and marketing organization to execute our HPMS strategy. We have created “application marketing” teams that focus on delivering solutions and systems reference designs that leverage our broad portfolio of products and better serve our customers with HPMS solutions. The additional investment of resources in our sales and marketing organizations was offset by the effect of the divestment of a major portion of our former Home segment to Trident. Furthermore, selling expenses included certain restructuring and other incidental items, which amounted to an aggregate income of $2 million in 2010, compared to an aggregate cost of $9 million in 2009.

General and Administrative Expenses

General and administrative expenses amounted to $701 million in 2010, or 15.9% of our revenue, compared to $781 million in 2009, or 22.2% of our revenue. The PPA effects included in general and administrative expense amounted to $281 million in 2010, compared to $302 million in 2009. Furthermore, 2009 included an impairment charge related to assets held for sale amounting to $69 million related to the divestment of a major portion of our former Home segment. Also included in general and administrative expenses are the restructuring and other incidental items which amounted to an aggregate cost of $68 million in 2010 compared to an aggregate cost of $88 million in 2009. The restructuring and other incidental items in 2010 and 2009 were mainly related to certain divestment and acquisition related costs, IT system reorganization costs and other restructuring costs.

Other Income (Expense)

Other income and expense was a loss of $16 million in 2010, compared to a loss of $13 million in 2009. Included are incidental items, amounting to an aggregate cost of $19 million in 2010, compared to $20 million in 2009. The loss in 2010 was mainly related to the divestment of a major portion of our former Home segment, partly offset by gains on sale of certain tangible fixed assets. The loss in 2009 was related to the losses on the sale of various smaller businesses and gains on disposal of various tangible fixed assets.

Restructuring Charges

In 2010, we had restructuring charges of $7 million, mainly related to the divestment of a major portion of our former Home segment. Charges in previous years were mainly related to the ongoing Redesign Program of the Company and amounted to $112 million in 2009, compared to $610 million in 2008. These charges were offset by a release of restructuring liabilities of $40 million in 2010 compared to $92 million in 2009 and $16 million in 2008 and related to prior announced restructuring projects. In addition, we incurred $53 million of restructuring related costs in 2010 (excluding product transfers) which were directly charged to our operating income, compared to $83 million in 2009.

In the aggregate, the net restructuring charges that affected our operating income for 2010 were $20 million, compared to $103 million in 2009 and $594 million in 2008.

Operating Income (Loss)

The following tables present operating income (loss) by segment for the years ended December 31, 2010 and 2009, which includes the effects of PPA, restructuring and other incidental items and impairment charges:

	For the year ended December 31, 2010		
($ in millions)	Operating income (loss)	Effects of PPA	Restructuring and Other Incidental Items
High Performance Mixed Signal	387	(222)	12
Standard Products	91	(54)	(2)
Manufacturing Operations	(57)	(25)	(35)
Corporate and Other	(117)	(1)	(55)
Divested Home Activities	(31)	—	(30)
Total	273	(302)	(110)

	For the year ended December 31, 2009			
($ in millions)	Operating income (loss)	Effects of PPA	Restructuring and Other Incidental Items	Impairment Charges
High Performance Mixed Signal	(187)	(218)	(84)	—
Standard Products	(120)	(61)	(15)	—
Manufacturing Operations	(175)	(83)	(101)	—
Corporate and Other	(188)	(2)	(127)	—
Divested Home Activities	(261)	(7)	(17)	(69)
Total	(931)	(371)	(344)	(69)

The table below depicts the PPA effects per line item in the statement of operations.

	For the year ended December 31,	
($ in millions)	2009	2010
Gross profit	(69)	(21)
General and administrative expenses	(302)	(281)
Operating income (loss)	(371)	(302)

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, as well as the charge to cost of sales of the remaining book value of intangible assets in case of sale of those assets. The amortization charges related to intangible assets are reflected in general and administrative expenses.

Financial Income (Expense)

	For the year ended December 31,	
($ in millions)	2009	2010
Interest income	4	2
Interest expense	(363)	(320)
Foreign exchange rate results	39	(331)
Gain on extinguishment of debt	1,020	57
Other	(18)	(36)
Total	682	(628)

Financial income and expense (including the extinguishment of debt) was a net expense of $628 million in 2010, compared to a net income of $682 million in 2009. Financial income and expense included a loss of $331 million in 2010, as a result of a change in foreign exchange rates mainly applicable to remeasurement of our U.S. dollar-denominated notes and short-term loans, which reside in a euro functional currency entity, compared to a gain of $39 million in 2009. Extinguishment of debt in 2010 amounted to a gain of $57 million compared to a gain of $1,020 million in 2009. The net interest expense amounted to $318 million in 2010 compared to $359 million in 2009.

Benefit (Provision) for Income Taxes

Provision for income taxes for 2010 was $24 million, compared to $10 million in 2009, and our effective income tax expense rate was negative 6.8% in 2010, compared to negative 4.0% in 2009. The increase of the effective tax rate was primarily attributable to an increase of the prior year adjustments. The main component of the income tax expense related to the tax expense in tax jurisdictions in which we are in a tax paying position and in which we have not recorded a valuation allowance.

Results Relating to Equity-accounted Investees

Results relating to the equity-accounted investees amounted to a loss of $86 million in 2010, compared to a profit of $74 million in 2009. The loss in 2010 was related to our investment in Trident. The profit in 2009 was due to the release of translation differences related to the sale of our 20% share in the ST-NXP Wireless joint venture.

Income (Loss) on Discontinued Operations

The income on discontinued operations, net of taxes was $59 million in 2010 compared to $32 million in 2009. This related entirely to the results of our Sound Solutions business, which is intended to be sold in 2011.

Net Income (Loss)

Our net loss in 2010 was $406 million, compared to a net loss of $153 million in 2009. The improvement of $1,204 million in operating income achieved in 2010 was offset by the following factors which led to a higher net loss in 2010 compared to 2009:

- gains resulting from debt extinguishment amounted to $57 million in 2010 compared to $1,020 million in 2009;
- foreign exchange results included in the financial income and expenses amounted to a loss of $331 million in 2010 compared to a profit of $39 million in 2009;
- results related to equity-accounted investees amounted to a loss of $86 million in 2010 compared to a profit of $74 million in 2009.

Non-controlling Interests

The share of non-controlling interests amounted to a profit of $50 million in 2010, compared to a profit of $14 million 2009. This was mostly related to the third-party share in the results of consolidated companies, predominantly SSMC.

Year Ended December 31, 2011 Compared to Year Ended December 31, 2010 by Segment

Revenue

The following table presents the reconciliation from nominal revenue growth to comparable revenue growth for the year ended December 31, 2011, compared to the year ended December 31, 2010.

(in %)	Nominal Growth	Consolidation Changes[1]	Currency Effects[2]	Comparable Growth[3]
High Performance Mixed Signal	2.1	—	(1.2)	0.9
Standard Products	9.1	—	(1.7)	7.4
Manufacturing Operations	(39.8)	(2.9)	—	(42.7)
Corporate and Other	(65.4)	69.9	—	4.5
Total Group	(4.7)	2.7	(1.2)	(3.2)

(1) Reflects the relative changes in revenue between periods arising from the effects of material acquisitions and divestments and reclassified product lines. For an overview of our significant acquisitions and divestments, see "Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Factors Affecting Comparability—Effect of Acquisition Accounting".

(2) Reflects the currency effects that result from the translation of our revenue from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years.

(3) Comparable revenue growth reflects the relative changes in revenue between periods adjusted for the effects of foreign currency exchange rate changes, material acquisitions and divestments and reclassified product lines. Our revenue is translated from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years. As a result of significant currency movements throughout the year and the impact of material acquisitions and divestments on comparable revenue figures, we believe that an understanding of our revenue performance is enhanced after these effects are excluded.

High Performance Mixed Signal

($ in millions)	For the year ended December 31, 2010	2011
Revenue	2,846	**2,906**
% nominal growth	41.5	**2.1**
% comparable growth	43.4	**0.9**
Gross profit	1,525	**1,573**
Operating income (loss)	387	**339**
Effects of PPA	(222)	**(218)**
Total restructuring charges	15	**(43)**
Total other incidental items	(3)	**(1)**

Revenue

Revenue was $2,906 million in 2011 compared to $2,846 million in 2010, an increase of 2.1% on a nominal basis and 0.9% on a comparable basis. This increase was mainly driven by higher revenue in our Identification business and high-performance RF products. Partially offsetting these increases were lower revenue through the distribution channel, soft market conditions in the TV front end tuner business and the interface products business.

Gross Profit

Gross profit in 2011 was $1,573 million, or 54.1% of revenue, compared to $1,525 million in 2010, or 53.6% of revenue. The improvement in gross margin in 2011 resulted primarily from higher-margin product mix, as compared to 2010, partially offset by higher restructuring and other incidental items. The PPA effects that were included in gross profit amounted to $18 million in 2011, compared to $13 million in 2010. Also included in our gross profit were restructuring and other incidental items of $20 million, mainly related to actions taken for headcount reductions. The $3 million of restructuring and other incidental items included in our gross profit in 2010 was mainly related to the release of certain restructuring liabilities.

Operating Expenses

Operating expenses amounted to $1,234 million in 2011, or 42.5% of revenue, compared to $1,133 million in 2010, or 39.8% of revenue. The increase in operating expenses was mainly due to the additional investments in research and development activities and in selling expenses in our Identification business. Operating expenses in 2011 also included costs related to actions taken for headcount reductions. Included in our operating expenses in 2011 were PPA effects of $200 million, compared to PPA effects of $209 million in 2010.

Operating Income (Loss)

Operating income amounted to $339 million in 2011, compared to operating income of $387 million in 2010. The decline was mainly due to higher investments in research and development expenses and higher restructuring and other incidental costs. These higher operating expenses were partially offset by gross profit improvements. Included in operating income are PPA effects of $218 million in 2011, compared to PPA effects of $222 million in 2010. Restructuring and other incidental items amounted to an aggregate cost of $44 million mainly related to the actions taken to reduce headcount. In 2010, restructuring and other incidental items amounted to an aggregate income of $12 million mainly related to the release of certain restructuring liabilities.

Standard Products

	For the year ended December 31,	
($ in millions)	**2010**	**2011**
Revenue	848	**925**
% nominal growth	49.6	**9.1**
% comparable growth	52.0	**7.4**
Gross profit	280	**336**
Operating income (loss)	91	**141**
Effects of PPA	(54)	**(57)**
Total restructuring charges	(1)	**(6)**
Total other incidental items	(1)	**—**

Revenue

Revenue was $925 million in 2011, compared to $848 million in 2010, an increase of 9.1% on a nominal basis and 7.4% on a comparable basis. The increase in revenue across the SP product portfolio was mainly within our General Application business. Revenue growth slowed in the fourth quarter of 2011 due to reduced demand resulting from uncertain economic situation.

Gross Profit

Gross profit in 2011 was $336 million, or 36.3% of revenue, compared to $280 million in 2010, or 33.0% of revenue. The increase in gross profit was mainly due to higher revenues supported by favorable prices. The PPA effects included in gross profit amount to $1 million in 2011 compared to no PPA effects in 2010. Restructuring and other incidental items were $5 million in 2011 compared to $2 million in 2010.

Operating Expenses

Operating expenses amounted to $198 million in 2011, or 21.4% of revenue, compared to $189 million in 2010, or 22.3% of revenue. The increase in operating expenses was mainly driven by increased research and development expenses. Operating expenses in 2011 included PPA effects of $56 million, compared to PPA effects of $54 million in 2010.

Operating Income (Loss)

Operating income amounted to $141 million in 2011, compared to operating income of $91 million in 2010. The increase in operating income was mainly driven by higher revenues resulting in higher gross profit partially offset by higher operating expenses. Included are PPA effects of $57 million in 2011, compared to PPA effects of $54 million in 2010. The restructuring and other incidental items in 2011 of $6 million were primarily restructuring costs, compared to $2 million in 2010.

Manufacturing Operations

The main function of our Manufacturing Operations segment is to supply products to our HPMS and SP segments. Revenues derived from, and costs of production associated with those supplies, are accounted for within those respective segments. However, we also derive external revenue and costs of sales from providing wafer foundry and packaging services to our divested businesses in order to support their separation and, on a limited basis, their ongoing operations.

Revenue

Revenue of our segment Manufacturing Operations was $316 million in 2011 compared to $525 million in 2010. The decline in revenue was primarily due to the expiration of contractual obligations to provide manufacturing services for previously divested businesses. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources is expected to further decline.

Our gross profit as a percentage of our revenue was impacted by the dilutive effect of product sales at cost to divested businesses.

Operating Expenses

Operating expenses amounted to $20 million in 2011 compared to $37 million in 2010. Operating expenses in 2011 were mainly related to PPA effects. In 2010, operating expenses included, in addition to PPA effects, costs related to process technology development.

Corporate and Other

We no longer treat Corporate and Other as a separate segment. See “Item 4. Information on the Company—Reporting Segments”.

Revenue

Revenue in 2011 was $47 million compared to $136 million in 2010. The decline in revenue was due to the divestment of NuTune business in 2010 for which there was no corresponding revenue in 2011. Revenue for NuTune business in 2010 amounted to $91 million.

Operating Expenses

Operating expenses amounted to $101 million in 2011 compared to $154 million in 2010. The decline in operating expenses in 2011 was primarily due to lower annual performance based incentive costs and due to divestment of NuTune business. In 2011, restructuring and other incidental items amounted to $73 million compared to $64 million in 2010. These were mainly related to restructuring and IT system reorganization costs.

Year Ended December 31, 2010 Compared to Year Ended December 31, 2009 by Segment

Revenue

The following table presents the reconciliation from nominal revenue growth to comparable revenue growth for the year ended December 31, 2010, compared to the year ended December 31, 2009.

(in %)	Nominal Growth	Consolidation Changes[1]	Currency Effects[2]	Comparable Growth[3]
High Performance Mixed Signal	41.5	—	1.9	43.4
Standard Products	49.6	—	2.4	52.0
Manufacturing Operations	62.0	(75.3)	—	(13.3)
Corporate and Other	(17.6)	4.8	0.1	(12.7)
Total Group	25.1	9.3	1.7	36.1

(1) Reflects the relative changes in revenue between periods arising from the effects of material acquisitions and divestments and reclassified product lines. For an overview of our significant acquisitions and divestments, see “Part I—Item 5. Operating and Financial Review and Prospects—A. Operating Results—Factors Affecting Comparability—Effect of Acquisition Accounting”.

(2) Reflects the currency effects that result from the translation of our revenue from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years.

(3) Comparable revenue growth reflects the relative changes in revenue between periods adjusted for the effects of foreign currency exchange rate changes, material acquisitions and divestments and reclassified product lines. Our revenue is translated from foreign currencies into our reporting currency, the U.S. dollar, at the monthly exchange rates during the respective years. As a result of significant currency movements throughout the year and the impact of material acquisitions and divestments on comparable revenue figures, we believe that an understanding of our revenue performance is enhanced after these effects are excluded.

High Performance Mixed Signal

($ in millions)	For the year ended December 31, 2009	2010
Revenue	2,011	2,846
% nominal growth	(19.9)	41.5
% comparable growth	(18.2)	43.4
Gross profit	785	1,525
Operating income (loss)	(187)	387
Effects of PPA	(218)	(222)
Total restructuring charges	(53)	15
Total other incidental items	(31)	(3)

Revenue

Revenue was $2,846 million in 2010 compared to $2,011 million in 2009, an increase of 41.5% on a nominal basis and 43.4% on a comparable basis. This increase in revenue was largely attributable to the global economic recovery, generally supported by our share gains across a wide range of our business lines. Revenue increased across all of our focus areas. In particular, revenue in the Automotive and Identification business increased by over 50% compared to 2009. In specific consumer and PC markets, the demand during the second half year of 2010 was not as strong as in the first half of the year.

Gross Profit

Gross profit in 2010 was $1,525 million, or 53.6% of revenue, compared to $785 million in 2009, or 39.0% of revenue. The PPA effects that were included in gross profit amounted to $13 million in 2010, compared to $2 million in 2009. Also included in our gross profit were restructuring and other incidental items, which amounted to an aggregate income of $3 million in 2010 and were mainly related to release of certain restructuring liabilities. The restructuring and other incidental items included in our gross profit in 2009 amounted to an aggregate cost of $61 million and were mainly related to process and product transfer costs and restructuring costs as part of the Redesign Program. The improvement in gross margin in 2010 resulted primarily from cost savings achieved from the ongoing Redesign Program as well as higher revenue and higher factory utilization. Moreover, revenue in 2010 benefited from a higher-margin product mix, as compared to 2009, which has also led to improvements in our gross profit.

Operating Expenses

Operating expenses amounted to $1,133 million in 2010, or 39.8% of revenue, compared to $979 million in 2009, or 48.7% of revenue. Included in our operating expenses in 2010 were PPA effects of $209 million, compared to PPA effects of $216 million in 2009. The increase in operating expenses was largely due to the increased investment in research and development activities and also due to the set-up of "application marketing" teams to better serve our customers.

Operating Income (Loss)

Income from operations amounted to $387 million in 2010, compared to a loss from operations of $187 million in 2009. Included are PPA effects of $222 million in 2010, compared to PPA effects of $218 million in 2009. Restructuring and other incidental items amounted to an aggregate income of $12 million mainly related to the release of certain restructuring liabilities. In 2009, restructuring and other incidental items amounted to an aggregate cost of $84 million and were mainly related to process and product transfer costs and restructuring costs as part of the Redesign Program. The improvement in income from operations was mainly due to higher gross profits partly offset by higher operating expenses.

Standard Products

	For the year ended December 31,	
($ in millions)	**2009**	**2010**
Revenue	567	848
% nominal growth	(25.0)	49.6
% comparable growth	(23.6)	52.0
Gross profit	74	280
Operating income (loss)	(120)	91
Effects of PPA	(61)	(54)
Total restructuring charges	(9)	(1)
Total other incidental items	(6)	(1)

Revenue

Revenue was $848 million in 2010, compared to $567 million in 2009, an increase of 49.6% on a nominal basis and 52% on a comparable basis. This increase in revenue was to a significant extent attributable to the global economic recovery and the replenishment of inventories by customers and our ability to successfully ramp up production to meet the related increase in demand. Next to that, we also succeeded in improving our product/technology mix and in gaining market share in specific segments. Finally, due to supply shortages in all SP segments, there was limited to no price erosion in 2010, compared to an average annual price erosion of mid-to high single digits over the past cycles.

Gross Profit

Gross profit in 2010 was $280 million, or 33.0% of revenue, compared to $74 million in 2009, or 13.1% of revenue. There was no PPA effect included in 2010 or in 2009. Restructuring and other incidental items amounted to an aggregate cost of $2 million in 2010 compared to $14 million in 2009 and were mainly related to restructuring costs. The increase in gross profit was mainly due to the higher volumes supported by favorable prices and higher factory utilization.

Operating Expenses

Operating expenses amounted to $189 million in 2010, or 22.3% of revenue, compared to $194 million in 2009, or 34.2% of our revenue. Operating expenses in 2010 included PPA effects of $54 million, compared to PPA effects of $61 million in 2009.

Operating Income (Loss)

Income from operations amounted to $91 million in 2010, compared to a loss of $120 million in 2009. Included are PPA effects of $54 million in 2010, compared to PPA effects of $61 million in 2009. The increase in income from operations was mainly due to higher gross profits driven by higher factory utilization. The restructuring and other incidental items in 2010 amounted to an aggregate cost of $2 million, compared to an aggregate cost of $15 million in 2009, and were primarily related to restructuring costs.

Manufacturing Operations

The main function of our Manufacturing Operations segment is to supply products to our HPMS and SP segments; however, we also derive external revenue and costs of sales from providing wafer foundry and packaging services to our divested businesses in order to support their separation and, on a limited basis, their ongoing operations. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources are expected to decline.

Revenue

Revenue of our Manufacturing Operations segment was $525 million in 2010 compared to $324 million in 2009. The increase in revenue was mainly due to supplies made to Trident after the divestment of a major portion of our former Home segment in 2010. These supplies amounted to $244 million in 2010. The revenue from providing wafer foundry and packaging services to our divested businesses declined, which was in line with our expectation.

Operating Expenses

Operating expenses amounted to $37 million in 2010 compared to $74 million in 2009. Operating expenses in 2010 and 2009 were mainly related to the real estate and facility management costs and the management fee allocated to our Manufacturing Operations segment.

Corporate and Other

We no longer treat Corporate and Other as a separate segment. See “Item 4. Information on the Company—Reporting Segments”.

Revenue

Revenue in 2010 was $136 million compared to $165 million in 2009 and were mainly related to NuTune which was divested in December 2010 and consequently deconsolidated. The revenue of NuTune amounted to $91 million in 2010 compared to $110 million in 2009.

Operating Expenses

Operating expenses amounted to $154 million in 2010 compared to $178 million in 2009. In 2010, restructuring and other incidental items amounted to an aggregate cost of $64 million compared to $118 million in 2009. These were mainly related to restructuring, IT system reorganization costs and divestment activities.

Divested Home Activities

On February 8, 2010, we divested a major portion of our former Home segment to Trident. The remaining part of the former Home segment has been moved into the HPMS segment and Corporate and Other. Revenue for the Divested Home Activities amounted to $47 million until February 8, 2010 compared to $452 million in 2009.

B. *Liquidity and Capital Resources.*

Liquidity and Capital Resources

At the end of 2011 our cash balance was $743 million. Taking into account the available undrawn amount of the Secured Revolving Credit Facility, we had access to $1,385 million of liquidity as of December 31, 2011.

We started 2011 with a cash balance of $898 million and during the year our cash decreased by $155 million. The Redesign Program resulted in a cash outflow of $71 million and the fluctuations in exchange rates negatively influenced the cash balance by $21 million.

Capital expenditures were $221 million in line with our guidance of 5% of revenues over the semiconductors business cycle. In 2011, we received cash amounts of $855 million from the sale of our Sound Solutions business and $26 million from the sales of property, plant and equipment and assets held for sale, which were mainly related to our sites in Southampton in the United Kingdom and San Jose in the United States of America.

On a going-forward basis we expect our capital expenditures to be in the range of 5% of revenues. In addition, we expect capital expenditures as a percent of revenues from our business segments (HPMS and SP) to be generally consistent with our expected capital expenditures for 2012.

Since December 31, 2010, the book value of our total debt has been reduced from $4,551 million to $3,799 million as of December 31, 2011.

Several cash buybacks and debt redemptions partially offset by the entry into new term loans and the issuance of new notes resulted in a total debt reduction of $752 million. In 2011, the reduction in total debt included a decrease of $371 million in our short-term debt, of which $400 million consisted of a repayment under our Secured Revolving Credit Facility.

The total amount of cash used for financing activities amounted to $926 million.

At the end of 2011, we had a capacity of $642 million remaining under the Secured Revolving Credit Facility, net of outstanding bank guarantees, based on the end of year exchange rate. However, the amount of this availability varies with fluctuations between the euro and the U.S. dollar as the total amount of the facility, €500 million, is denominated in euro and the amounts drawn are denominated in U.S. dollar.

At the end of September 2012, the Secured Revolving Credit Facility is expected to be replaced by the Forward Start Revolving Credit Facility of €458 million.

For the year ended December 31, 2011, we incurred total net interest expense of $307 million and the weighted average interest rate on our debt instruments as of the end of December 2011 was 7.4% compared to $318 million and 7% respectively in 2010.

At December 31, 2011, our cash balance was $743 million, of which $261 million was held by SSMC, our 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 2011 a dividend of $170 million was distributed, of which $66 million was paid to the joint venture partner.

Through a share buyback program treasury shares were purchased for $57 million during 2011.

Our sources of liquidity include cash on hand, cash flow from operations and amounts available under the Secured Revolving Credit Facility. We believe that, based on our current level of operations as reflected in our results of operations for the year ended December 31, 2011, these sources of liquidity will be sufficient to fund our operations, capital expenditures, and debt service for at least the next twelve months.

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 future borrowings under our Secured Revolving Credit Facility or Forward Start Revolving Credit Facility, as the case may be, or from other sources may not be available to us in an amount sufficient to enable us to repay our indebtedness, including the Secured Revolving Credit Facility or Forward Start Revolving Credit Facility, as the case may be, the Term Loans, the Super Priority Notes, 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 3. Key Information—D. Risk Factors”.

Cash Flows

The condensed consolidated statements of cash flows are presented as follows:

	For the year ended December 31,		
($ in millions)	**2009**	**2010**	**2011**
Cash flow from operating activities:			
Net income (loss)	(153)	(406)	**436**
Adjustments to reconcile net income (loss) to net cash provided by operating activities	(548)	767	**(261)**
Net cash provided by (used for) operating activities	(701)	361	**175**
Net cash (used for) provided by investing activities	63	(269)	**(202)**
Net cash (used for) provided by financing activities	(109)	(157)	**(926)**
Net cash provided by (used for) continuing operations	(747)	(65)	**(953)**
Net cash provided by (used for) discontinued operations	—	(5)	**809**
Net cash provided by (used for) continuing and discontinued operations	(747)	(70)	**(144)**
Effect of changes in exchange rates on cash positions	(8)	(63)	**(21)**
Cash and cash equivalents at beginning of period	1,796	1,041	**908**
Cash and cash equivalents at end of period	1,041	908	**743**
Less cash and cash equivalents at end of period-discontinued operations	15	10	**—**
Cash and cash equivalents at end of period-continuing operations	1,026	898	**743**

Cash Flow from Operating Activities

In 2011 we generated $175 million of cash from operating activities compared to $361 million in 2010.This decrease was mainly driven by an increase in working capital needs for inventories and receivables and by a higher decrease in accounts payables.

Payments related to the Redesign Program amounted to $71 million in 2011, compared to $223 million in 2010. Cash interest payments were $301 million in 2011, compared to $278 million in 2010. Various capital markets transactions resulted in an improved debt maturity profile, which however resulted in higher interest coupons and higher cash interest payments in 2011.

In 2010 we had a positive cash inflow of $361 million from operating activities mainly driven by our operational performance in the year through higher revenues and cost savings as a result of our Redesign Program.

In 2009, net cash used for operating activities was $701 million. This was mainly driven by our operational performance in the year with lower revenues and an increase in operational working capital. The redesign payments amounted to $385 million.

Cash Flow from Investing Activities

Net cash used for investing activities amounted to $202 million in 2011, compared to net cash used of $269 million in 2010. Our capital expenditures decreased to $221 million in 2011 compared to $258 million in 2010.

In 2011 the proceeds from the disposal of assets held for sale amounted to $11 million and was related to the sale of our Southampton assets. Proceeds from the disposal of property, plant and equipment amounted to $15 million mainly related to the sales of our San Jose buildings.

Net cash used for investing activities in 2010 was $269 million. Included are gross capital expenditures of $258 million, proceeds from the sale of property, plant and equipment of $31 million and $8 million from the disposal of assets held for sale. The cash payments related to the sale of our businesses in 2010 (Trident and NuTune) amounted to $60 million. Due to the acquisition of Virage Logic by Synopsis in 2010 we sold our shares to Virage Logic for a consideration of $25 million in 2010.

Net cash provided by investing activities in 2009 was $63 million. Included are gross capital expenditures of $92 million, proceeds from disposals of property, plant and equipment of $21 million, proceeds from the sale of DSPG securities of $20 million, proceeds of $92 million related to the sale of the 20% shareholding in the ST-NXP Wireless joint-venture and proceeds related to a cash settlement with Philips of $21 million.

Cash Flow from Financing Activities

In 2011 we used $926 million for financing activities compared to $157 million in 2010.

In 2011 we received net proceeds from the issuance of long-term debt of $1,578 million. This includes proceeds from the issuance of the Floating Rate Secured Notes due in 2016 (principal amount $615 million) and the issuance of the 2017 Term Loans (principal amount $500 million each). Various open market transactions, debt redemptions and debt exchanges resulted in the repurchase of $1,997 million of long-term debt. On July 4, 2011 NXP completed an agreement with Dover Corporation pursuant to which Dover Corporation’s Knowles Electronics business acquired our Sound Solutions business. Proceeds from the sale of the Sound Solutions business were used to fully repay the $600 million borrowed under the Secured Revolving Credit Facility and to redeem euro-denominated Senior Notes 2015 for a principal amount of €32 million, U.S. dollar-denominated Senior Notes 2015 for a principal amount of $96 million and U.S. dollar-denominated Senior Secured Notes 2018 for a principal amount of $78 million.

The purchase of treasury shares resulted in cash outflows of $57 million during 2011, whereas the exercise of stock options resulted in cash proceeds of $10 million.

In April 2011, a dividend payment of $170 million was made by SSMC, our joint venture company with TSMC, of which $66 million was distributed to TSMC (38.8% of the total dividend). The remaining amount of $104 million was paid to NXP.

The net cash used for financing activities in 2010 amounted to $157 million. Cash used for financing activities mainly consisted of the buyback of $1,383 million of our debt in the market and the repayment of $200 million on our revolving credit facility. Cash provided by financing activities mainly consisted of $448 million proceeds through the initial public offering of the Company’s stock and the issuance of a new long-term bond of $1,000 million due in 2018 with net cash proceeds of $974 million.

Net cash used for financing activities in 2009 amounted to $109 million. The net cash outflow from financing activities in 2009 mainly consisted of a $286 million outflow related to our offer to repurchase the Secured Notes or the Unsecured Notes for cash and the net inflow of $200 million from drawing under the Secured Revolving Credit Facility.

Cash Flow from Discontinued Operations

On July 4, 2011, we executed an agreement with Dover Corporation pursuant to which Dover Corporation's Knowles Electronics business acquired our Sound Solutions business. The divestiture of our Sound Solutions business resulted in net cash provided by investing activities through discontinued operations of $791 million in 2011.

Debt Position

Short-term Debt

In 2011 the other short-term bank borrowings amounted to $35 million and related to a local bank loan in China. In 2010 we borrowed locally $18 million in China for one of our subsidiaries in order to repay the entrusted loan to Sound Solutions Beijing which subsidiary was sold on July 4, 2011, as part of our Sound Solutions business transaction with Knowles Electronics.

We entered into the Secured Revolving Credit Facility on September 29, 2006 for an amount of €500 million in order to finance our working capital requirements and general corporate purposes. As of December 31, 2011, the full amount is available to us, since no amount was drawn after redeeming all outstanding balances during the year (as of December 31, 2010, an U.S. dollar equivalent of $400 million was drawn).

On May 10, 2010, we entered into a €458 million Forward Start Revolving Credit Facility, which becomes available, subject to specified conditions, on September 28, 2012, and matures on September 28, 2015, to replace our existing Secured Revolving Credit Facility. The conditions to the utilization of the Forward Start Revolving Credit Facility include specified closing conditions, as well as conditions (i) that our consolidated net debt does not exceed $3,750 million as of June 30, 2012 (and if it exceeds $3,250 million on such date, the commitments under the Forward Start Revolving Credit Facility will be reduced by 50%), and (ii) that we issue on or before September 28, 2012, securities with gross proceeds of $500 million, having a maturity at least 180 days after the maturity of the Forward Start Revolving Credit Facility, the proceeds of which are to be used to refinance debt (other than debt under the Secured Revolving Credit Facility) that matures before the maturity of the Forward Start Revolving Credit Facility.

	As of December 31,	
($ in millions)	**2010**	**2011**
Revolving credit facility	400	—
Other short-term bank borrowings	18	**35**
Current portion of long-term debt	5	**17**
Total short-term debt	423	**52**

Long-term Debt

As of December 31, 2011, the euro-denominated notes and U.S. dollar-denominated notes represented 13% and 87% respectively of the total principal amount of the notes outstanding. The fixed rate notes and floating rate notes represented 51% and 49% respectively of the total principal amount of the notes outstanding at December 31, 2011.

($ in millions)	December 31, 2010	Currency Effects	Accrual of Debt Discount	Debt Exchanges/ Repurchases/ New Borrowings	Other[7]	December 31, 2011
Euro-denominated 10% super priority notes due July 2013[1][2]	26	(1)	4	—	—	**29**
U.S. dollar-denominated 10% super priority notes due July 2013[2]	178	—	15	—	—	**193**
Euro-denominated floating rate senior secured notes due October 2013[1][3]	852	8	—	(676)	—	**184**
U.S. dollar-denominated floating rate senior secured notes due October 2013[3]	766	—	—	(708)	—	**58**
U.S. dollar-denominated 7 7/8% senior secured notes due October 2014	362	—	—	(362)	—	**—**
Euro-denominated 8 5/8% senior notes due October 2015[1]	314	(6)	—	(45)	—	**263**
U.S. dollar-denominated 9 1/2% senior notes due October 2015	606	—	—	(96)	—	**510**
U.S. dollar-denominated floating senior secured notes due November 2016 [4]	—	—	—	606	—	**606**
U.S. dollar-denominated secured term credit agreement due April 2017 [5]	—	—	—	494	(5)	**489**
U.S. dollar-denominated secured term credit agreement due April 2017 [6]	—	—	—	479	(5)	**474**
U.S. dollar-denominated 9 3/4% senior secured notes due August 2018	1,000	—	—	(78)	—	**922**
	4,104	1	19	(386)	(10)	**3,728**
Other long-term debt	24	(1)	—	1	(5)	**19**
Total long-term debt	4,128	—	19	(385)	(15)	**3,747**

(1) Converted into U.S. dollars at $1.2938 per €1.00, the exchange rate in effect at December 31, 2011.
(2) Balance at December 31, 2011 is at the amortized cost of debt issued, which differs from the principal amount outstanding. The principal amounts outstanding at December 31, 2011 were $37 million of euro-denominated 10% super priority notes due July 2013 and $221 million of U.S. dollar-denominated 10% super priority notes due July 2013.
(3) Interest accrues at a rate of three-month EURIBOR plus 2.75%.
(4) Interest accrues at a rate of LIBOR plus 5.50%.
(5) On March 4, 2011, we entered into the First 2017 Term Loan for an initial $500 million at a rate of interest of LIBOR plus 3.25% with a floor of 1.25%.
(6) On November 18, 2011, we entered into the Second 2017 Term Loan for a second tranche of $500 million at a rate of interest of LIBOR plus 4.25% with a floor of 1.25%.
(7) Other mainly includes the reclassification of the current portion of long-term debt.

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 also “Item 5. Operating and Financial Review and Prospects—A. Operating Results—Recent Developments” and “Item 10. Additional Information—C. Material contracts”.

Certain Terms and Covenants of the Notes

We are not required to make mandatory redemption payments or sinking fund payments with respect to the Super Priority Notes, the Secured Notes or the Unsecured Notes.

The Indentures governing the Super Priority Notes, the Existing Secured Notes and the Existing Unsecured Notes contain covenants that, among other things, limit our ability and that of our restricted subsidiaries to incur additional indebtedness, create liens, pay dividends, redeem capital stock, 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. As of December 31, 2011, and as of the date of filing of this annual report on Form 20-F, we are in compliance with our restrictive covenants contained in the Indentures.

The Super Priority Notes, the 2017 Term Loans, the Secured Notes and the Unsecured Notes are fully and unconditionally guaranteed jointly and severally, on a senior basis by certain of our current and future material wholly owned subsidiaries.

Pursuant to various security documents related to the Super Priority Notes, the 2017 Term Loans the Secured Notes and the Secured Revolving Credit Facility, we have granted first priority liens and security interests over substantially all of our assets, including the assets of our material wholly owned subsidiaries (other than, in the case of the Super Priority Notes and the Secured Notes, our shares).

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. If actual results differ significantly from management's estimates, there could be a material adverse effect on our results of operations, financial condition and liquidity.

Summarized below are those of our accounting policies where management believes the nature of the estimates or assumptions involved is material due to the levels of subjectivity and judgment necessary to account for highly uncertain matters or the susceptibility of such matters to change.

Inventories

Inventories are stated at the lower of cost or market. The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include direct labor and fixed and variable production overheads, taking into account the stage of completion. The cost of inventories is determined using the first-in, first-out (FIFO) method. In determining the value of our inventories, estimates are made of material, labor and overhead consumed. In addition, our estimated yield has a significant impact on the valuation. We estimate yield based on historical experience.

An allowance is made for 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. If actual demand or market conditions are less favorable than forecasted or customer demands are below projections, additional inventory write-downs may be necessary.

Impairment of Long-Lived Assets

- **Goodwill.** We review goodwill for impairment on an annual basis in the fourth quarter of each year, or more frequently if there are events or circumstances that indicate the carrying amount may not be recoverable. To assess for impairment we determine the fair value of each reporting unit that carries goodwill. If the carrying value of the net assets including goodwill in the reporting unit exceeds the fair value, we perform an additional assessment to determine the implied fair value of the goodwill. If the carrying value of the goodwill exceeds this implied fair value, we record an impairment for the difference between the carrying value and the implied fair value.

  The determination of the fair value of the reporting unit requires us to make significant judgments and estimates including projections of future cash flows from the business. These estimates and required assumptions include estimated revenue and revenue growth rates, operating margins used to calculate projected future cash flows, estimated future capex investments, future economic and market conditions, determination of market comparables and the estimated weighted average cost of capital ("WACC").

A sensitivity analysis, in which long-term growth rates become approximately zero and the WACC increased by 200 basis points, indicates that for all reporting units, the fair value exceeds the book value substantially.

We base our estimates on assumptions we believe to be reasonable but any such estimates are unpredictable and inherently uncertain. Actual future results may differ from these estimates. In addition, we make judgments and assumptions in allocating assets and liabilities to each of our reporting segments.

We cannot predict certain future events that might adversely affect the reported value of goodwill, which was $2,231 million at December 31, 2011.

- **Long-Lived Assets other than Goodwill.** We review long-lived assets other than goodwill for impairment when events or circumstances indicate that carrying amounts may not be recoverable. A potential impairment exists when management has determined that cash flows to be generated by those assets are less than their carrying value. Management must make significant judgments and apply a number of assumptions in estimating the future cash flows. The estimated cash flows are determined based on, among other things, our strategic plans, long-range forecasts, estimated growth rates and assumed profit margins.

  If the initial assessment based on undiscounted projected cash flows indicates a potential impairment, the fair value of the assets is determined. We generally estimate fair value based on discounted cash flows. The discount rates applied to the estimated cash flows are generally based on the business segment specific WACC, which ranged between 10% and 14% in 2011. An impairment loss is recognized for the difference between the carrying value and the estimated fair value. An indication of impairment exists, similar to goodwill, based on the unfavorable developments in the economic climate.

  In 2011 and 2010, there were no impairment losses recorded on long-lived assets. Any changes in future periods related to the estimated cash flows from these assets could result in an additional impairment in future periods. With regard to certain real estate that has been classified as held-for-sale, an impairment loss was recorded of $69 million in 2009.

  At December 31, 2011, we had $1,171 million of other intangible assets and $1,063 million of remaining long-lived assets.

Restructuring

The provision for restructuring relates to the estimated costs of initiated reorganizations that have been approved by our management team and that involve the realignment of certain parts of the industrial and commercial organization. When such reorganizations require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions.

Management uses estimates to determine the amount of the restructuring provision. Our estimates are based on our anticipated personnel reductions and average associated costs. These estimates are subject to judgment and may need to be revised in future periods based on additional information and actual costs.

Revenue Recognition

Our revenue is primarily derived from sales to OEMs and similar customers and from sales to distributors.

We apply the guidance in SEC Staff Accounting Bulletin Topic 13 “Revenue Recognition” and recognize revenue 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. Examples of delivery conditions typically meeting these criteria are “Free on board point of delivery” and “Costs, insurance paid point of delivery”. Generally, the point of delivery is the customer’s warehouse. Acceptance of the product by the customer is generally not contractually required, since, for “made-to-order” customers, after design approval, manufacturing commences and subsequently delivery follows without further acceptance protocols. Payment terms used are those that are customary in the particular geographic market.

When we have 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, 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 that allow these distributors to return a product if certain conditions are met. These conditions generally relate to the time period during which 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 we have announced a product's pending discontinuance. Long notice periods associated with these announcements prevent significant amounts of product from being returned, however. We do not enter into repurchase agreements with OEMs or distributors. For sales where return rights exist, we have determined, based on historical data, that only a very small percentage of the sales to this type of distributor 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.

Royalty income, which is generally earned based upon a percentage of revenue or a fixed amount per product sold, is recognized on an accrual basis. Government grants, other than those relating to purchases of assets, are recognized as income as qualified expenditures are made.

Income Taxes

Income taxes in the consolidated financial statements are accounted for using the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and any tax loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. We operate in numerous countries where our income tax returns are subject to audits and adjustments. Because we operate globally, the nature of the audit items is often very complex. We employ internal and external tax professionals to minimize audit adjustment amounts where possible. We have applied the guidance within ASC 740 "Income Taxes" and recognize the effect of income tax positions only if these positions are more likely than not to be sustained. Recognized income tax positions are measured at the largest amount that is more than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs. We record penalties and interest related to unrecognized tax benefits in income tax expense and financial income (expense), respectively.

We have significant deferred tax assets primarily related to net operating losses in the Netherlands, France, Germany, the USA and other countries. At December 31, 2011, tax loss carry forwards amounted to $2,699 million and tax credit carry forwards, which are available to offset future tax, if any, amounted to $90 million. The realization of deferred tax assets is not assured and is dependent on the generation of sufficient taxable income in the future. We have exercised judgment in determining whether it is more likely than not that we will realize the benefit of these net operating losses and other deductible temporary differences, based upon estimates of future taxable income in the various jurisdictions and any feasible tax planning strategies. A valuation allowance is provided to reduce the amount of deferred tax assets when it is considered more likely than not that a portion or all of the deferred tax assets will not be realized.

Benefit Accounting

We account for the cost of pension plans and postretirement benefits other than pensions in accordance with ASC 715 "Compensation-Retirement Benefits".

Our 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 our employees participating in defined-benefit plans have been based upon actuarial valuations. If the projected benefit obligation exceeds the fair value of plan assets, we recognize in the consolidated balance sheet a liability that equals the excess. If the fair value of plan assets exceeds the projected benefit obligation, we recognize in our balance sheet an asset that equals the excess. Pension costs in respect of defined-benefit pension plans primarily represent the increase in the actuarial present value of the obligation for pension 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.

In calculating obligation and expense, we are required to select certain actuarial assumptions. These assumptions include discount rate, expected long-term rate of return on plan assets and rates of increase in compensation costs. Our assumptions are 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 on the projected benefit obligations, funding requirements and periodic pension cost incurred. A sensitivity analysis is provided in note 24 to the consolidated financial statements contained elsewhere in this annual report.

Share-Based Compensation

We record share-based compensation arrangements in accordance with ASC 718, "Compensation-Stock Compensation". The cost of share-based payment arrangements is recorded in the statement of operations on a straight line basis over the vesting period, taking into account estimated levels of forfeitures that are trued-up annually. Actual forfeitures levels may deviate from estimated levels as a result of not meeting the requisite service period or the performance targets attached to the grant.

Share-based compensation plans for employees were introduced in 2007. Subsequent to becoming a listed company in August 2010, the Company introduced additional share-based compensation plans for eligible employees since November 2010.

Post-IPO Plan

After we became a publicly listed company in August 2010, share-based payments programs were launched in November 2010 and 2011. Under these programs performance stock, stock options and restricted shares were granted to eligible employees. 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 with the Black-Scholes-Merton 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, given that our equity shares have been publicly traded for only a limited period of time and we do not yet have sufficient historical exercise data;
- a risk-free interest rate of 1.67% in 2010 and ranging from 1.2% to 2.78% in 2011;
- no expected dividend payments; and
- a volatility of 45% 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. See also "Item 6. Management—B. Compensation—Shared Based Compensation Plans", for more information in relation to our Post-IPO Plan.

Pre-IPO Plans

Under the pre-IPO plans, including the Management Equity Stock Option Plan, stock options were issued to certain employees of the Company. In accordance with the Management Equity Stock Option Plan, the members of our management team and certain other executives that were granted stock options will be allowed to exercise, from time to time, their vested options. The proportion of options available for exercise cannot exceed the proportion of the aggregate number of shares of common stock sold by our co-investors, including the Private Equity Consortium, to the total number of shares of common stock owned by such co-investors. The exercise prices of stock options granted in 2007 and 2008 range from €20.00 to €50.00.

Also, equity rights were granted to certain non-executive employees under the global equity incentive program (the "Global Equity Incentive Program") giving the right to acquire our shares of common stock for no consideration after the rights have vested, upon a change of control (in particular, the Private Equity Consortium no longer jointly holding 30% of our common stock).

Since none of our stock options, equity rights or shares of common stock were traded on any stock exchange until August 2010, and exercise is dependent upon certain conditions, employees can receive no value nor derive any benefit from holding these options or rights without the fulfillment of the conditions for exercise. We concluded that the fair value of the share-based payments could best be estimated by the use of a binomial option-pricing model because such model takes into account the various conditions and subjective assumptions that determine the estimated value. In addition to the estimated value of the Company based on projected cash flows, the assumptions used were:

- expected life of the options and equity rights was calculated as the difference between the grant dates and an exercise triggering event occurring not before the end of 2011. For the options granted under the Pre-IPO plans, expected lives varying from 4.25 to 3 years were assumed;
- risk-free interest rate varying from 4.1% to 1.6%;
- expected asset volatility varying from 27% to 38% (based on the average volatility of comparable companies over an equivalent period from valuation date to exit date);
- dividend pay-out ratio of nil;
- lack of marketability discounts—between 35% and 26%; and

- the Business Economic Value of NXP, based on projected discounted cash flows as derived from our business plan for the next 3 years, extrapolated until 2021 and using 3% terminal growth rates (the discount factor was based on a weighted average cost of capital of 12.4%).

Because the stock options and equity rights were not traded, an option-based approach (the Finnerty model) was used to calculate an appropriate discount for lack of marketability. The expected life of the stock options and equity rights was estimated based on the time period private equity investors typically take to liquidate a portfolio investment. The volatility assumption was based on the average volatility of comparable companies over an equivalent period from valuation to exit date.

In May 2009, we executed a stock option exchange program for stock options granted up until that date and which were estimated to be deeply out of the money. Under this stock option exchange program, stock options with new exercise prices, different volumes and, in certain cases, revised vesting schedules, were granted to eligible individuals, in exchange for their existing stock options. By accepting the new stock options all existing stock options (vested and unvested) owned by the eligible individuals were cancelled. The number of employees eligible for and affected by the stock option exchange program was approximately 120. Since May 2009, stock options have been granted to eligible individuals under the revised stock options program. The exercise prices of these stock options ranged from €2.00 to €40.00. No modifications occurred with respect to the equity rights of the non-executive employees. No further options or rights will be granted under the pre-IPO plans. See also “Item 6. Management—B. Compensation—Share Based Compensation Plans”, for more information in relation to our Pre-IPO Plans.

In accordance with the provisions of Topic 718, the unrecognized portion of the compensation costs of the cancelled stock options continues to be recognized over the remaining requisite vesting period. For the replacement stock options, the compensation costs are determined as the difference between the fair value of the cancelled stock options immediately before the grant date of the replacement stock options and the fair value of these replacement stock options at the grant date. This incremental compensation cost will be recognized in accordance with the vesting schedule over the next 2 years.

Legal Proceedings

In accordance with ASC 450 “Contingencies”, we account for probable losses that may result from ongoing legal proceedings based on our best estimate of what such losses could be or, when such best estimate cannot be made, we record the minimum potential loss contingency. Estimates require the application of considerable judgment, and are refined each accounting period as additional information becomes known. We are often initially unable to develop a best estimate of loss and therefore the minimum amount, which could be zero, is recorded until a better estimate can be developed. As information becomes known, the minimum loss amount can be increased, resulting in additional loss provisions, or a best estimate can be made, which may or may not result in additional loss provisions. There can be no assurances that our recorded reserves will be sufficient to cover the extent of our costs and potential liability.

For a summary of the material legal proceedings to which we are subject, see note 31 to our consolidated financial statements included in Part III, Item 18 of this Report.

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 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, 2011, we had approximately 3,200 employees in research and development, of which over 2,100 support our High Performance Mixed Signal businesses and approximately 300 support our Standard Products businesses. Our engineering design teams are located in India (Bangalore), China (Shanghai), the United States (San Jose, San Diego, Tempe, Bellevue), France (Caen, Suresnes, Sophia Antipolis), Germany (Hamburg, Dresden), Austria (Gratkorn), the Netherlands (Nijmegen, Eindhoven), Hong Kong, Singapore, the United Kingdom (Manchester), Switzerland (Zurich) and Belgium (Leuven). Our research and development expenses were $635 million in 2011 (of which 87% related to our High Performance Mixed Signal businesses), $568 million in 2010 and $764 million in 2009.

Largely as a result of our scale and the level of our investments in research and development, we have achieved a significant number of market leadership positions and are able to extend those positions. In High Performance Mixed Signal markets where we already have a strong number one market leadership position, such as can/LIN/-FlexRay in-vehicle networking, e-passports and most of our other identification businesses, we invest in research and development to extend our market position and to outpace market growth. In High Performance Mixed Signal markets where we are the leader, but with a smaller market share lead over our competition, such as car access and immobilizers, car radio, TV front-end and radio frequency identification, and in High Performance Mixed Signal markets where we are not the market share leader, we are investing in research and development to grow significantly faster than the market and improve our relative market position. In addition, we are investing to build or expand leading positions in a number of promising, high growth markets such as AC-DC power conversion, CFL and LED lighting drivers, 32-bit ARM microcontrollers, hearing aids and integrated mobile audio solutions. Finally, we invest around 3% 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. Examples of current developments include biosensors and MEMS oscillators.

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 seeking patents, 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. Our portfolio of approximately 14,000 patents and patent applications, as well as our royalty-free licenses to patents held by Philips, give us the benefit of one of the largest patent portfolio positions in the High Performance Mixed Signal and Standard Products markets. To protect confidential technical information that is not subject to patent protection, we rely on trade secret law and frequently enter into confidentiality agreements with our employees, customers, suppliers and partners. 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 involved. For more information on the intellectual property arrangements we have entered into with Philips, see “Part I—Item 7. Major Shareholders and Related Party Transactions—B. Related Party Transactions—Intellectual Property Transfer and License Agreement” contained elsewhere in this annual report.

We have engaged occasionally in licensing, selling and other activities aimed at generating income and other benefits from our intellectual property assets. We believe that there is an opportunity to generate additional income and other benefits from our intellectual property assets. This is a process that will take time before meaningful benefits can be reaped. We are in the early phases of developing the program.

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 trade secrets that creates an advantage for our business.

In addition to our own patents and trade secrets, 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 owned by third parties. We are party to process technology partnerships, such as our collaboration with TSMC and the Interuniversitair Microelektronica Centrum VZW, through which we jointly develop complex semiconductor-related process technology. We also maintain research partnerships with universities across the world, particularly in Europe, China and India.

We own a number of trademarks and, where we consider it desirable, we develop names for our new products and secure trademark protection for them.

D. Trend Information.

We focus our business development efforts on what we believe to be the fastest-growing product opportunities and geographic markets.

We address four key macro growth trends in electronics: energy efficiency, mobility and connected mobile devices, security and healthcare. Examples of recent development activities targeting the need for greater energy efficiency are our CFL and LED lighting products, “green chip” high-efficiency AC-DC power conversion ICs for notebook adaptors, and optimized reference designs for smart metering. Our new high-performance RF power amplifier products allow wireless network operators to expand network capacity with fewer base stations, our secure microcontrollers enable many new forms of mobile electronic payments, and our innovative magnetic induction radio enables implantable medical devices such as hearing aids.

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 57% of our revenue in 2011, compared to 58% of our revenue in 2010, compared to a peer average of 49% of revenue in 2010. In particular, Greater China represented 38% of our revenue in 2011, compared to 37% of our revenue in 2010.

E. Off-balance Sheet Arrangements.

As of December 31, 2011, we had no off-balance sheet arrangements.

F. Tabular Disclosure of Contractual Obligations.

Presented below is a summary of our contractual obligations as at December 31, 2011

($ in millions)	Total	2012	2013	2014	2015	2016	2017 and thereafter
Long-term debt	**3,742**	**10**	**475**	**13**	**783**	**616**[1]	**1,845**[2]
Capital lease obligations	**25**	**8**	**8**	**6**	**1**	**1**	**1**
Short-term debt [3]	**35**	**35**	**—**	**—**	**—**	**—**	**—**
Operating leases	**171**	**31**	**26**	**25**	**24**	**15**	**50**
Interest on the notes [4]	**1,445**	**289**	**283**	**248**	**252**	**184**	**189**
Long-term purchase contracts	**206**	**94**	**64**	**32**	**9**	**2**	**5**
Total contractual cash obligations [4][5]	**5,624**	**467**	**856**	**324**	**1,069**	**818**	**2,090**

(1) On November 10, 2011, we entered into a new senior secured indenture under which we issued a total of $615 million floating rate senior secured notes due 2016.

(2) On March 4, 2011, we entered into the First 2017 Term Loan, for an initial $500 million and on November 18, 2011, we entered into the Second 2017 Term Loan for a second tranche of $500 million.

(3) Short-term debt consists of outstanding borrowings and guarantees under our Secured Revolving Credit Facility as of December 31, 2011. Any amount still outstanding under the Secured Revolving Credit Facility on September 28, 2012 will be due in full immediately on that date. The Forward Start Revolving Credit Facility will become available to us on September 28, 2012, the maturity date of our current Secured Revolving Credit Facility, subject to customary terms and conditions and certain financial conditions.

(4) The interest on the notes was determined on the basis of LIBOR and EURIBOR interest rates for floating rate instruments and on the basis of contractual agreed interest rates for other debt instruments. The euro-denominated interest amounts were converted into U.S. dollars based on the balance sheet rate as at December 31, 2011 of $1.2938.

(5) 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 $1.3908 per €1.00, in effect at December 31, 2011. As a result, the actual payments will vary based on any change in exchange rate.

As of December 31, 2011, accrued interest on debt amounted to $74 million.

Certain contingent contractual obligations, which are not reflected in the table above, include contractual agreements, such as supply agreements, containing provisions that certain penalties may be charged if we do not fulfill our commitments.

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. We currently estimate contributions to funded pension plans will be $72 million in 2012, consisting of $4 million in employer contributions to defined-benefit pension plans and $68 million in employer contributions to defined-contribution pension plans and multi-employer plans. The expected cash outflows in 2012 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.

In addition, we have made certain commitments to SSMC, in which we have a 61.2% ownership share, whereby we are obligated to make, as cost compensation, payments to SSMC should we fail to utilize, on an annual basis, at least 42% (approximately 7.5 million mask steps) of the total available capacity at SSMC's fabrication facilities but only in case TSMC does not utilize our shortfall and the overall SSMC utilization levels drop below 70% of the total available capacity. In the event that we and TSMC fail to utilize at least 70% of SSMC's total available capacity, we would be required to compensate SSMC for full coverage of all unavoidable costs associated with what we fail to utilize below 42% of the total available capacity. No such payments have been made since 2002.

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 3. Key Information—D. Risk Factors" and elsewhere in this annual 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; and
- our ability to maintain good relationships with our suppliers.

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 annual report, except as required by law.

In addition, this annual 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 annual 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. Management

A. *Directors, Executive Officers and Key Employees*

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, 2011, of the persons who serve as members of our board of directors.

Name	Age	Position
Richard L. Clemmer	60	Executive director, president and chief executive officer
Sir Peter Bonfield	67	Non-executive director and chairman of the board
Johannes P. Huth	51	Non-executive director and vice-chairman of the board
Vikram Bhatia *	64	Non-executive director
Nicolas Cattelain	38	Non-executive director
Egon Durban	38	Non-executive director
Kenneth A. Goldman	62	Non-executive director
Josef Kaeser	54	Non-executive director
Ian Loring	45	Non-executive director
Michel Plantevin	55	Non-executive director
Richard Wilson	46	Non-executive director

* Mr. Bhatia was appointed to replace Eric Coutinho, who resigned as non-executive director of the Company on May 10, 2011.

- **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 drove the turnaround and re-emergence of Agere, a spin-off from Lucent and a leader in semiconductors for storage, wireless data, and public and enterprise networks. He also served as Chairman of u-Nav Microelectronics Corporation, a leading GPS technology provider, and held a five-year tenure at Quantum Corporation where he was executive vice president and chief financial officer. 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 (1944, British).** Sir Peter has been appointed as a non-executive director and as the chairman of our board of directors. 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 Telefonaktiebolaget LM Ericsson, Taiwan Semiconductor Manufacturing Company Limited, Mentor Graphics Corporation and Sony Corporation. Sir Peter is Chair of Council and Senior Pro-Chancellor at Loughborough University, Advisor to Apax Partners LLP, Senior Advisor to N M Rothschild (both in London) and Board Mentor at CMi in Belgium. He is also Advisor to Longreach LLP in Hong Kong and NVP LLP in New Jersey.
- **Johannes P. Huth (1960, German).** Mr. Huth has been appointed as a non-executive director and vice-chairman of our board of directors. 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. He is currently a member of the supervisory board of Bertelsmann Music Group (BMG) and of Versatel AG, a director of Kohlberg Kravis Roberts & Co. Ltd, President of Kohlberg Kravis Roberts & Co. SAS, vice-chairman of the supervisory board of ProSieben Sat 1 Media AG and a member of the advisory board of Wild Flavors GmbH. Mr. Huth also serves on the supervisory board of KION Holding 1 GmbH.

- **Vikram Bhatia (1947, British).** Mr. Bhatia has been appointed as a non-executive director of our board of directors effective May 26, 2011.He has held numerous senior positions and various assignments in the past years, including in iSoftGroup Plc, Monarch Holdings PLC, Page and Moy Travel Group and the Claverley Group of companies. In May 2006, working with PricewaterhouseCoopers, he was appointed the Turnaround Programme Director in the Hull and East Yorkshire Hospital NHS Trust. Prior to these assignments, he fulfilled various other senior roles, which included Sithe Energy, British Telecom, Philips and Deloitte.
- **Nicolas Cattelain (1973, French).** Mr. Cattelain has been appointed as a non-executive director of our board of directors. Mr. Cattelain became a member of our supervisory board and the supervisory board of NXP B.V. in February 2010 and is a director of Kohlberg Kravis Roberts & Co., Europe. He has been with Kohlberg Kravis Roberts & Co. for ten years. Before 2000, Mr. Cattelain was with the private equity firm Industri Kapital in London and prior to that he worked in the Mergers and Acquisitions Department of Merrill Lynch.
- **Egon Durban (1973, German).** Mr. Durban is a managing director of Silver Lake Partners based in Menlo Park. Mr. Durban joined Silver Lake in 1999 as a founding principal and has worked in the firm's London, Menlo Park and New York offices. Mr. Durban serves on the Supervisory Board of Skype and is the chairman of its operating committee, the board of directors of Intelsat, Ltd., the board of directors of Multiplan Inc., the operating committee of SunGard Capital Corporation, and Silver Lake's Management, Investment and Fund 3 Operating and Valuation Committees. Prior to Silver Lake, Mr. Durban worked in Morgan Stanley's Investment Banking Division.
- **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 the senior vice president and chief financial officer of Fortinet, Inc. Prior to that, Mr. Goldman served as senior vice president, finance and administration, and chief financial officer of Siebel Systems, Inc. from 2000 to 2006. Mr. Goldman has also served as senior vice president and chief financial officer of Excite@Home Corporation and Sybase, Inc., as well as serving as chief financial officer of Cypress Semiconductor Corporation and VLSI. Technology, Inc. Mr. Goldman also serves on the board of directors of Infinera, Inc. and several private companies. Mr. Goldman also served as a member of the Treasury Advisory Committee on the Auditing Profession. He is also a member of the board of trustees of Cornell University.
- **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 executive vice president and chief financial officer of Siemens AG. Prior to this, Mr. Kaeser served as chief strategy officer for Siemens AG from 2004 to 2006 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, Allianz AG, Germany and Nokia Siemens Networks B.V.
- **Ian Loring (1966, American).** Mr. Loring has been appointed a non-executive director of our board of directors. 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 SkillSoft Limited, Clear Channel Communications Inc., The Weather Channel Inc., Denon & Marantz and Contec Co. Ltd. Mr. Loring previously served on the board of Warner Music Group Corporation, Cumulus Media Inc. and Echelon Telecom Inc.
- **Michel Plantevin (1956, French).** Mr. Plantevin has been appointed a non-executive director of our board of directors. Mr. Plantevin 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, LLC. Prior to joining Bain Capital LLC. in 2003, Mr. Plantevin worked at Goldman Sachs in London, and prior to that he was a partner with Bain & Company in London and Paris. He also serves as a director of FCI, Brakes Group, Trinseo and IMCD.
- **Richard Wilson (1965, British).** Mr. Wilson has been appointed as a non-executive director of our board of directors. Mr. Wilson became a member of our supervisory board and the supervisory board of NXP B.V. on October 22, 2008 and is a senior partner of Apax Partners LLP. Prior to joining Apax Partners in 1995, he served as a consultant with Scientific Generics Inc. and also worked for Marconi Space Systems Ltd. He has sat on a number of boards of Apax fund portfolio companies, such as Inmarsat plc, Weather Investments SpA and affiliates of TDC A/S, and in 2009/2010 was the chairman of the European Private Equity and Venture Capital Association.

Management Team

Set forth below are the names, ages as of December 31, 2011, 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	60	Executive director, president and chief executive officer
Chris Belden	51	Executive vice president and general manager of operations
Guido Dierick	52	Executive vice president and general counsel
Alexander Everke	48	Executive vice president and general manager of High Performance Mixed Signal businesses focused on wireless infrastructure, lighting, industrial, mobile, consumer and computing applications
Loh Kin Wah *	57	Executive vice president sales & marketing
Peter Kelly	54	Executive vice president and general manager of operations
Rene Penning De Vries	57	Senior vice president and chief technology officer
Robert Rigby-Hall **	46	Executive vice president and chief human resources officer
Ruediger Stroh	49	Executive vice president and general manager of High Performance Mixed Signal businesses focused on identification applications
Frans Scheper	49	Executive vice president and general manager of the Standard Products applications
Kurt Sievers	42	Executive vice president and general manager of High Performance Mixed Signal businesses focused on automotive applications
Karl-Henrik Sundström	51	Executive vice president and chief financial officer

* Mr. Loh was appointed to replace Mr. Mike Noonen, who resigned from the Company effective July 31, 2011.

** Mr. Rigby-Hall was appointed to replace Mr. Peter Kleij, who resigned from the Company effective September 1, 2011.

- **Chris Belden (1960, American).** Mr. Belden is executive vice president, general manager of operations and member of the management team. He joined NXP as senior vice president, global manufacturing on March 1, 2008. Previously Mr. Belden worked for Applied Materials Inc., where he was responsible for global operations. Before that, he spent the majority of his career at Motorola, Inc. and Freescale Semiconductor Inc., where he was responsible for Freescale's global manufacturing operations.
- **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.
- **Alexander Everke (1963, German).** Mr. Everke is executive vice president, member of the management team and general manager of our High Performance Mixed Signal businesses focused on the wireless infrastructure, lighting, industrial, mobile, consumer and computing application markets. He previously served in various senior management positions within NXP. Mr. Everke joined NXP in 2006 from Infineon Technologies AG, where he served last as general manager of the Chip Card & Security ICs business unit. Before Infineon, Mr. Everke worked for several years at Siemens AG.
- **Loh Kin Wah (1954, Malaysian).** Mr. Loh Kin Wah is executive vice president, member of the management team, responsible for sales & marketing. Mr. Loh joined NXP on October 1, 2011. He previously was the President and CEO of Qimonda AG following its spin-out from Infineon Technologies AG. Prior to this appointment, he was a member of the Infineon AG Executive Management Board responsible for the Communication Business Group and subsequently the Memories Product Group. Mr. Loh has held a series of management positions within Infineon AG and its parent company Siemens AG, both in Europe and Asia.
- **Peter Kelly (1957, American).** Mr. Kelly is executive vice president, general manager of operations and member of the management team. He joined NXP on March 1, 2011. He shares responsibility with Mr. Belden for managing our overall operations. Mr. Kelly has over 25 years of experience in the technology industry working for companies in Europe and the USA, being a key part of the management team that led the spin-off of Agere from Lucent, where he led the global operations team.

- **Rene Penning De Vries (1954, Dutch).** Mr. Penning De Vries is senior vice president, chief technology officer and member of the management team. He holds the same position in NXP B.V. He previously was employed by Philips from 1984 in various managerial positions.
- **Robert Rigby-Hall (1965, British).** Mr. Rigby-Hall is executive vice president, chief human resources officer and member of the management team since August 15, 2011. Previously, Mr. Rigby-Hall was chief HR officer of LexisNexis, a global provider of information and technology solutions, that is part of Anglo-Dutch group Reed Elsevier.
- **Ruediger Stroh (1962, German).** Mr. Stroh is executive vice president, member of the management team and general manager of our High Performance Mixed Signal businesses focused on the identification application markets. Before joining NXP on May 18, 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.
- **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 1, 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.
- **Kurt Sievers (1969, German).** Mr. Sievers has been executive vice president and general manager of our High Performance Mixed Signal businesses focused on the automotive application markets since November, 2009 and since January 2010 he has been a member of the management team. He has previously managed the automotive safety and comfort business line and served in various positions at Philips since 1995.
- **Karl-Henrik Sundström (1960, Swedish).** Mr. Sundström became executive vice president and chief financial officer of NXP B.V. and a member of our management team on May 13, 2008. In a successful 22 year career at Ericsson AB, Mr. Sundström gained general management experience leading the company's global services operations and its Australian and New Zealand business before his appointment as chief financial officer of Ericsson AB in 2003 until the end of 2007. Mr. Sundström also serves on the board of Swedbank AB.

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. 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. Our chief executive officer is our only executive director. The remuneration of the non-executive directors has been resolved upon by our stockholders at a stockholder meeting at the proposal of our board of directors, prior to the consummation of the initial public offering in August 2010. 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. Prior to the consummation of the initial public offering in August 2010, our stockholders have approved such equity-based director compensation.

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. 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, 2011, the members of our management team as a group (in total 14 members) received a total aggregate compensation of €6,900,000, compared to a total aggregate compensation of €6,200,000 (in total 13 members) in 2010.

Our chief executive officer, 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.

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 as of 2011 was set at 75% of the base salary, with the maximum cash incentive set at 150% of the annual base salary (previously: 100% and 200%, respectively). The cash incentive pay-out in any year relates to the achievements of the preceding financial year in relation to agreed targets. In 2011, an amount of €2,284,000 has been paid to our chief executive officer as annual incentive bonus for our performance in 2010. The total annual incentive bonus amount paid in 2011 to members of our management team, including our chief executive officer, is €9,290,000. In 2010, an amount of €2,284,000 has been paid to our chief executive officer, and a total amount of €9,830,000 has been paid as annual incentive bonus amount to members of our management team, including our chief executive officer.

Share Based Compensation Plans

The purpose of our share based compensation plans, including the Management Equity Stock Option Plan implemented prior to the consummation of our initial public offering in August 2010 and the Long-Term Incentive Plan 2010 and 2011 introduced in November 2010 and November 2011, respectively, is to align the interests of 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.

We granted stock options to the members of our management team and to approximately 135 of our other executives in 2007 and 2008 under the Management Equity Stock Option Plan. In May 2009, we executed a stock option exchange program, under which stock options, with new exercise prices, different volumes and—in certain cases—revised vesting schedules, were granted to eligible individuals, in exchange for their owned stock options. By accepting the new stock options all previously granted stock options (vested and unvested) owned by the eligible individual were cancelled. As of May 2009, when the stock options exchange program was consummated, stock options have been granted to eligible individuals under the revised Management Equity Stock Option Plan. Under this stock option plan the participants acquire the right to purchase a certain number of shares of common stock at a predetermined price, i.e. exercise price, provided that certain conditions are met. The stock options have a vesting schedule as specified upon the grant to the individuals. Pursuant to our Management Equity Stock Option Plan, members of our management team and certain other executives will be allowed to exercise, from time to time, their vested options. The proportion of options available for exercise cannot exceed the proportion of the aggregate number of shares of common stock sold by our co-investors, including the Private Equity Consortium, to the total number of shares of common stock owned by such co-investors. Following the completion of the secondary offering on April 5, 2011 by NXP Semiconductors N.V., in total up to 22% of the options under the Management Equity Stock Option Plan have become exercisable, subject to the applicable laws and regulations. As of December 31, 2011, a total of 16,128,196 million stock options were granted and outstanding under the Management Equity Stock Option Plan to a group of approximately 120 (current and former) NXP executives (which includes our chief executive officer and the other members of the management team and our chairman of the board of directors). These stock options can be exercised at exercise prices which vary from €2.00 to €50.00 per stock option.

In November 2010, we introduced a new Long Term Incentive Plan 2010, 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 the Long Term Incentive Plan 2010, equity incentives may be granted on, or the day after, the dates NXP publishes its quarterly financials, beginning on November 2, 2010. Performance stock and restricted stock vest over a period of three years, subject to relevant performance criteria relating to operating

income being met, and stock options vest over 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 is for an aggregate of up to 7,200,000 common shares in our share capital. On December 31, 2011, grants to 955 participants were outstanding, in total representing some 5,075,000 shares of common stock, consisting of approximately 591,000 performance stock, approximately 907,000 restricted stock units and some 3,577,000 stock options.

In November 2011, we introduced a new Long Term Incentive Plan 2011, 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 the Long Term Incentive Plan 2011, equity incentives may be granted on, or the day after, the dates NXP publishes its quarterly financials, beginning on November 1, 2011. Performance stock and restricted stock vest over a period of three years, subject to relevant performance criteria being met, and stock options vest over four years. 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 is for an aggregate of up to 8,570,000 (including a number of 1,370,000 which remained from the 2010 LTIP pool) common shares in our share capital. On December 31, 2011, grants to 1,000 participants were outstanding, in total representing approximately 6,146,000 shares of common stock, consisting of approximately 896,000 performance stock, some 1,450,000 restricted stock units and some 3,800,000 stock options.

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, 2011, 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, 2011, our chief executive officer held 186,179 (of which 80,054 are from vested performance stock units) shares and had been granted the following stock options and performance stock units, which were outstanding:

Series	Number of Stock Options	Exercise Price (in $)	Number of Stock Options per vesting schedule			
			11/01/12	11/01/13	11/01/14	11/01/15
2011/November	410,000	16.84	102,500	102,500	102,500	102,500

Series	Number of Stock Options	Exercise Price (in $)	Number of Stock Options per vesting schedule			
			11/02/11	11/02/12	11/02/13	11/02/14
2010/November	360,252	13.27	90,063	90,063	90,063	90,063

Series	Number of Stock Options	Exercise Price (in €)	Number of Stock Options per vesting schedule			
			01/01/10	01/01/11	01/01/12	01/01/13
2009/1	415,000	2.00	103,750	103,750	103,750	103,750
2009/2	1,400,000	15.00	350,000	350,000	350,000	350,000
2009/3	234,000	30.00	58,500	58,500	58,500	58,500
2009/4	374,252	40.00	93,563	93,563	93,563	93,563
Total	2,423,252		605,813	605,813	605,813	605,813

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule		
		02/09/13	02/09/14	02/09/15
2011/November	300,000	Maximum 33% of total	Maximum 67% of total	Up to 100% of total

Series	Number of Performance Stock Units	Number of Performance Stock Units per vesting schedule	
		11/02/12	11/02/13
2010/November	160,108	Maximum 67% of total	Up to 100% of total

Sir Peter Bonfield, chairman of the board of directors

As of December 31, 2011, the chairman of our board of directors held 3,333 shares from vested stock units, and the following stock options and restricted stock units had been granted to him and were outstanding:

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule		
		11/01/12	11/01/13	11/01/14
2011/November	10,000	3,333	3,333	3,334

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule	
		11/02/12	11/02/13
2010/November	6,667	3,333	3,334

Series	Number of Stock Options	Exercise Price (in €)	Number of Stock Options per vesting schedule		
			01/01/10	10/01/11	10/01/12
2009/2	23,550	15.00	7,850	7,850	7,850
2009/3	23,550	30.00	7,850	7,850	7,850
Total	47,100		15,700	15,700	15,700

Other members of our board of directors

As of December 31, 2011, the other members of our board of directors held the following number of shares:

Mr. Huth: 73,333 of which 3,333 are from vested stock units

Mr. Cattelain: 3,333 from vested stock units

Mr. Durban: 13,833 of which 3,333 are from vested stock units

Mr. Goldman: 8,333 of which 3,333 are from vested stock units

Mr. Kaeser: 3,333 from vested stock units

Mr. Loring: 3,333 from vested stock units

Mr. Plantevin: 3,333 from vested stock units

Mr. Wilson: 3,333 from vested stock units

To each of Messrs. Huth, Cattelain, Durban, Goldman, Kaeser, Loring, Plantevin and Wilson, all being member of our board of directors, the following restricted stock units had been granted and were outstanding as of December 31, 2011:

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule		
		11/01/12	11/01/13	11/01/14
2011/November	10,000	3,333	3,333	3,334

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule	
		11/02/12	11/02/13
2010/November	6,667	3,333	3,334

To Mr. Bhatia, in 2011 being appointed as member of our board of directors, the following restricted stock units had been granted and were outstanding as of December 31, 2011:

Series	Number of Restricted Stock Units	Number of Stock Units per vesting schedule		
		11/01/12	11/01/13	11/01/14
2011/November	10,000	3,333	3,333	3,334

Pensions

Our chief executive officer and eligible members of the management team participate in the executives' pension plan, which we set up in the Netherlands and which consists of a combination of a career average and a defined-contribution plan. The target retirement age under the plan is 62.5 for our chief executive officer. The plan does not require employee contributions. We paid for our chief executive officer a total pension plan contribution of €569,340 in 2011 (2010: €569,530). We also paid a total pension plan contribution in the aggregate of €1,540,000 (2010: €1,650,000) to 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 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 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 in 2010 or in 2011, nor were any such loans outstanding as of December 31, 2011.

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.

Summary Compensation Table

The following table sets forth the annual compensation paid or granted during the year ended December 31, 2011 to the members of our board of directors on an individual basis for services in all capacities.

	Salary and/ or fees (1 in €; 2 in $)	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]	2,284,000	710,000	680,474	569,340
Sir Peter Bonfield	275,000[1]	—	10,000	—	—
	12,000[2]	—	—	—	—
Johannes P. Huth	91,000[2]	—	10,000	—	—
Vikram Bhatia	53,083[2]	—	10,000	—	—
Nicolas Cattelain	85,000[2]	—	10,000	—	—
Eric Coutinho	35,417[2]	—	—	—	
Egon Durban	85,000[2]	—	10,000	—	—
Kenneth A. Goldman	101,000[2]	—	10,000	—	—
Josef Kaeser	91,000[2]	—	10,000	—	—
Ian Loring	85,000[2]	—	10,000	—	—
Michel Plantevin	99,000[2]	—	10,000	—	—
Richard Wilson	85,000[2]	—	10,000	—	—
Total:	1,417,000[1]	2,284,000	810,000	680,474	569,340
	822,500[2]				

The following table sets forth the annual compensation paid or granted during the year ended December 31, 2010 to the members of our board of directors on an individual basis for services in all capacities.

	Salary and/ or fees (1 in €; 2 in $)	Performance related compensation (€)	Number of stock, stock options of stock units outstanding	Non-equity incentive plan compensation or benefits in kind (€)	Pension, retirement or similar benefits (€)
Richard L. Clemmer	1,142,000[1]	2,284,000	600,414	711,901	569,531
Sir Peter Bonfield	275,000[1]	—	57,100	—	—
Johannes P. Huth	37,917[2]	—	10,000	—	—
Nicolas Cattelain	35,417[2]	—	10,000	—	—
Eric Coutinho	35,417[2]	—	—	—	—
Egon Durban	35,417[2]	—	10,000	—	—
Kenneth A. Goldman	41,250[2]	—	10,000	—	—
Josef Kaeser	30,333[2]	—	10,000	—	—
Ian Loring	35,417[2]	—	10,000	—	—
Michel Plantevin	41,250[2]	—	10,000	—	—
Richard Wilson	35,417[2]	—	10,000	—	—
Total:	1,417,000[1]	2,284,000	737,514	711,901	569,531
	327,835[2]				

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 will consist of one executive director and ten 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 shall be adopted by a simple majority of the votes cast. The board of directors shall make a list of candidates containing the names of at least the number of persons prescribed by law, which is currently two, for each vacancy to be filled. 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, containing at least the number of persons prescribed by law, which currently is two. 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.

As the holder of more than 50% of our common stock, the Private Equity Consortium has the ability to elect our entire board, subject to any limitations in our shareholders' agreement.

In addition, the Private Equity Consortium and Philips have entered into an amended and restated shareholders' agreement that provides Philips with certain rights, including with respect to board representation, and requires the Private Equity Consortium to vote their shares in a manner that implements such rights. See "Certain Relationships and Related Party Transactions—Shareholders' Agreement".

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. Under current Dutch law, in case of a conflict, the general meeting of stockholders may at any time resolve to designate a person to represent the Company. Although current Dutch law allows our directors to participate in deliberations and to vote on matters on which the respective director is conflicted, the Dutch corporate governance code and our board regulations do not allow directors 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. Currently, Dutch law does not allow executive directors to be suspended by the board of directors; however, Dutch law is expected to be amended in 2012 to facilitate 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.

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 three independent non-executive directors, Messrs. Goldman, Kaeser and Bhatia. Mr. Goldman, who is appointed as chairman of the audit committee, will qualify 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 will assist 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 will review 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 will report their findings to the plenary board of directors. Our audit committee also recommends to our stockholders the appointment of external auditors. The external auditor will attend 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 and Plantevin and Sir Peter Bonfield, who is also an independent director. Mr. Plantevin is appointed as chairman of this committee. The nominating & compensation committee will determine selection criteria and appointment procedures for members of our board of directors, to periodically assess the scope and composition of our board of directors and to evaluate the performance of its individual members. It will be 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 will review employment contracts entered into with our executive directors, make recommendations to our board of directors with respect to major employment-related policies and oversee 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 expect to purchase 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.*

The following table provides an overview of the number of full time employees we had per segment:

	As of December 31,	
	2010 (1)	2011
High Performance Mixed Signal	2,864	**3,037**
Standard Products	1,746	**1,745**
Manufacturing Operations	15,526	**14,860**
Corporate:		
Central research and development	654	**733**
Sales and marketing	846	**633**
Information technology	369	**62**
Other shared services	2,061	**2,221**
Other (including NXP Software)	405	**369**
Total	24,471	**23,660**

The following table indicates the number of full time employees per geographic area:

	As of December 31,	
	2010 (1)	2011
Europe and Africa	7,347	**6,932**
Americas	542	**532**
Greater China	6,926	**6,805**
Asia Pacific	9,656	**9,391**
Total	24,471	**23,660**

(1) The number of employees at December 31, 2010 excludes 941 employees from our discontinued Sound Solutions business

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 32 and 33 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 34 to our consolidated financial statements which are incorporated herein by reference.

Item 7. Major Shareholders and Related Party Transactions

A. ***Major Shareholders.***

The following table shows the amount of our common stock beneficially owned as of December 31, 2011 by (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) each member of our board of directors, (iii) each director nominee, (iv) each of the named executive officers, (v) certain former members of management and (vi) all members of the board, director nominees and all of our 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, to our knowledge, have sole voting and investment power over the shares listed.

Percentage computations are based on 251,751,500 shares of our common stock issued and outstanding as of December 31, 2011. As shown in the table below, funds advised by KKR, Bain and Silver Lake are considered U.S. beneficial holders and collectively beneficially owned 42.4% of our shares of common stock

	Common Stock Beneficially Owned	
	Number	%
Funds advised by KKR[1][6]	40,028,656	15.90
Funds advised by Bain[2][6]	32,021,770	12.72
Funds advised by Silver Lake[3][6]	16,012,220	6.36
Funds advised by Apax[4][6]	18,010,831	7.15
Funds advised by Alpinvest[5]	8,004,306	3.18
NXP Co-Investment Partners L.P.[6]	18,684,787	7.42
PPTL Investment LP[7]	30,517,299	12.12
Richard L. Clemmer	809,357	0.32
Sir Peter Bonfield	13,695	0.005
Johannes P. Huth	73,333	0.03
Nicolas Cattelain	3,333	0.001
Egon Durban[8]	13,833	0.005
Ian Loring[9]	3,333	0.001
Kenneth Goldman	8,333	0.003
Michel Plantevin	3,333	0.001
Richard Wilson	3,333	0.001
Josef Kaeser	3,333	0.001
Vikram Bhatia	—	—
All directors and executive officers as a group[10]		

(1) KKR's affiliates and certain funds advised by KKR, through various KKR-affiliated entities, hold shares of our common stock through a newly organized Luxembourg holding company. The following KKR-affiliated entities (the "KKR Entities") have an indirect interest in 40,028,656 shares of our common stock through their ownership of such Luxembourg holding company: KKR NXP (2006) Limited (3,121,680 shares); KKR NXP (European II) Limited (20,010,767 shares); KKR NXP (Millennium) Limited (16,896,200 shares); and KKR Associates Europe II Limited Partnership (11 shares). As the designated members of KKR Management LLC (which may be deemed to indirectly control one or more general partners, stockholders or members of the entities that own or control the KKR Entities), Henry R. Kravis and George R. Roberts may be deemed to beneficially own the shares of our common stock indirectly held by the KKR Entities, but disclaim beneficial ownership of such shares. In addition, as the voting partner of certain affiliates of the KKR Entities, KKR SP Limited may be deemed to beneficially own the shares of our common stock indirectly held by the KKR Entities, but disclaims beneficial ownership of such shares. The principal business address of each of the entities and persons identified in this footnote except Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, NY 10019, U.S.A. The principal business office for Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025, U.S.A.

(2) Bain Pumbaa LuxCo S.à.r.l. owns 32,021,770 shares of our common stock. As a shareholder of Bain Pumbaa LuxCo S.à.r.l., Bain Capital Lion Holdings, L.P. ("Lion Holdings") has voting and dispositive power over 32,017,229 shares of our common stock held by Bain Pumbaa LuxCo S.à.r.l. and may be deemed to beneficially own all shares of our common stock held by Bain Pumbaa LuxCo S.à.r.l. In addition, as a shareholder of Bain Pumbaa LuxCo S.à.r.l., Bain Capital Fund IX, L.P. ("Fund IX") has voting and dispositive power over 4,541 shares of our common stock held by Bain Pumbaa LuxCo S.à.r.l. Bain Capital Investors, LLC ("BCI") is the managing general partner of Lion Holdings as well as the general partner of Bain Capital Partners IX, L.P., which in turn is the general partner of Fund IX. As a result, BCI may be deemed to beneficially own all of the shares of our common stock held by Lion Holdings and Fund IX, but disclaims beneficial ownership of such shares of our common stock. BCI is controlled by an investment committee composed of 17 members, Andrew Balson, Steven Barnes, Joshua Bekenstein, John Connaughton, Todd Cook, Paul Edgerley, Christopher Gordon, Blair Hendrix, Jordan Hitch, Matthew Levin, Ian Loring, Philip Loughlin, Mark Nunnelly, Stephen Pagliuca, Mark Verdi, Michael Ward and Stephen Zide. Each such investment committee member disclaims beneficial ownership of shares indirectly held by Lion Holdings and Fund IX. In addition, the Bain-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. The address of each of BCI, Lion Holdings and Fund IX is 111 Huntington Avenue, Boston, MA 02199, U.S.A.

(3) SL II NXP S.à.r.l. owns 16,012,220 shares of our common stock. As a shareholder of SL II NXP S.à.r.l., SLP II Cayman NXP Ltd. has voting and dispositive power over 15,943,367 shares of our common stock held by SL II NXP S.à.r.l. and may be deemed to beneficially own all shares of our common stock held by SL II NXP S.à.r.l. In addition as a shareholder of SL II NXP S.à.r.l. , SLTI II Cayman L.P. has voting and dispositive power over 68,853 shares of our common stock held by SL II NXP S.à.r.l. and may be deemed to beneficially own all shares of our common stock held by SL II NXP S.à.r.l. Silver Lake Partners II Cayman, L.P. is the sole shareholder of SLP II Cayman NXP, Ltd. Silver Lake Technology Investors II Cayman, L.P. is the sole shareholder of SLTI II Cayman NXP, L.P. Silver Lake Technology Associates II Cayman, L.P. is the general partner of Silver Lake Partners II Cayman, L.P. Silver Lake (Offshore) AIV GP II, Ltd. is the general partner of each of Silver Lake Technology Associates II Cayman, L.P. and Silver Lake Technology Investors II Cayman, L.P. Silver Lake (Offshore) AIV GP II, Ltd. disclaims beneficial ownership of the shares of our common stock indirectly owned by Silver Lake Partners II Cayman, L.P. and Silver Lake Technology Investors II Cayman, L.P. (together, the "Silver Lake Funds"). Messrs. James A. Davidson, Glenn H. Hutchins, David J. Roux, Alan K. Austin, Michael J. Bingle, Gregory Keith Mondre, Charles Giancarlo, Andrew Wagner and Kenneth Y. Hao and Mses. Karen King and Yolande A. Jun serve as directors of Silver Lake (Offshore) AIV GP II, Ltd. They disclaim beneficial ownership of the ordinary shares indirectly owned by the Silver Lake Funds. In addition, the Silver Lake-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. Silver Lake's address is c/o 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025, USA.

(4) Meridian Holding S.à.r.l. owns 18,010,831 shares of our common stock. Meridian Holding S.à.r.l. is owned by (i) Apax US VII, L.P., which is ultimately managed by Apax US VII GP Ltd. and is advised by Apax Partners L.P., (ii) Apax Europe V (a collection of nine partnerships comprised of Apax Europe V-A, L.P., Apax Europe V-B, L.P., Apax Europe V C GmbH & Co. KG, Apax Europe V-D, L.P., Apax Europe V-E, L.P., Apax Europe V-F, C.V., Apax Europe V-G, C.V., Apax Europe V-1, LP and Apax Europe V-2, LP), which is managed by Apax Partners Europe Managers Ltd., which is advised by Apax Partners LLP, and (iii) Apax Europe VI (a collection of two partnerships comprised of by Apax Europe VI – A L.P. and Apax Europe VI-1 L.P.), which is managed by Apax Partners Europe Managers Ltd., which in turn is advised by Apax Partners LLP. Apax US VII, L.P., Apax Europe V and Apax Europe VI each disclaim beneficial ownership of the shares held by the other. As director and shareholder of Apax US VII GP Ltd. John Megrue may be deemed to beneficially own the shares of our common stock indirectly held by Apax US VII, L.P., but disclaims beneficial ownership of such shares. As directors and shareholders of Apax Partners Europe Managers Ltd., Martin Halusa and Ian Jones may be deemed to beneficially own the shares of our common stock indirectly held by Apax Europe V and Apax Europe VI, but disclaim ownership of such shares. In addition, the Apax-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. The address of Apax Partners LLP and Apax Partners Europe Managers Ltd. is 33 Jermyn Street, London SW1Y 6DN, England, and the address of Apax Partners L.P. is 601 Lexington Avenue, 53rd Floor, New York, NY 10022, U.S.A.

(5) AlpInvest Partners CSI 2006 Lion C.V. owns 7,938,871 shares of our common stock and AlpInvest Partners Later Stage II-A Lion C.V. owns 65,435 shares of our common stock. As the managing director of AlpInvest Partners Beheer 2006 B.V. (which manages AlpInvest Partners CSI 2006 Lion C.V. and AlpInvest Partners Later Stage II-A Lion C.V.), AlpInvest Partners N.V. may be deemed to hold voting and dispositive power with respect to the shares in our common stock beneficially owned by AlpInvest Partners CSI 2006 Lion C.V. and AlpInvest Partners Later Stage II-A

Lion C.V., but disclaims beneficial ownership of such shares. As managing directors of AlpInvest Partners N.V. Volkert Doeksen, Wim Borgdorff, Johan Paul de Klerk and Erik Thyssen may be deemed to beneficially own the shares of our common stock owned by AlpInvest Partners Later Stage II-A Lion C.V. and AlpInvest Partners CSI 2006 Lion C.V., but disclaim beneficial ownership of such shares.
In addition, the Alpinvest-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. Alpinvest's address is c/o Alpinvest Beheer, Jachthavenweg 118, 1081 KJ Amsterdam, the Netherlands.

(6) NXP Co-Investment Investor S.à.r.l. owns 18,684,787 shares of our common stock. NXP Co-Investment Investor S.à.r.l. is owned by NXP Co-Investment Partners L.P. As the general partner of NXP Co-Investment Partners L.P., NXP Co-Investment GP Ltd. beneficially owns the shares held indirectly by NXP Co-Investment Partners L.P. Funds and entities advised by KKR, Bain, Silver Lake and Apax own NXP Co-Investment GP Ltd., but none of them own a majority, and none may be deemed to beneficially own them.

(7) PPTL Investment LP and the individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. PPTL Investment LP is a Scottish law limited partnership of which PPTL Investment Limited is the general partner and Philips Pension Trustees Limited (in its capacity as the trustee of the Philips Pension Fund) is the sole limited partner investor. The business address of PPTL Investment LP is 15 Atholl Crescent Edinburgh EH3 8HA, United Kingdom. On February 17, 2012, PPTL Investment LP entered into a sales plan with a broker in order to enable the disposition of up to 4,940,316 shares of common stock within a three-month period.

(8) Mr. Durban is a director of our Company, as well as a director of Silver Lake (Offshore) AIV GP II, Ltd. Amounts disclosed for Mr. Durban include shares beneficially owned by the funds advised by Silver Lake. Mr. Durban disclaims beneficial ownership of any shares owned directly or indirectly by funds advised by Silver Lake. Mr. Durban personally owns 13,833 shares of our common stock.

(9) 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.

(10) 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, 2011, our directors and executive officers beneficially owned as a group options, performance stock units and restrictive stock units representing 2,092,589 shares of our common stock. If exercised, these shares would represent 0.83% of the shares of our common stock. At any time that the Private Equity Consortium reduces its shareholding in us or in the event that the Private Equity Consortium no longer holds in the aggregate at least 30% of our common stock, vested stock options granted under our Management Equity Stock Option Plan would become exercisable. The stock options, performance related stock units and the restricted stock units granted under our Long Term Incentive Plan 2010 and 2011 vest over a three or four year period, subject to certain conditions and are exercisable immediately after vesting. Under the post-IPO Long Term Incentive Plan 2010 and 2011 implemented in November 2010 and November 2011, respectively, our directors and executive officers have been awarded with restrictive or performance related stock, vesting between one and three-years from when such stock was awarded.

B. ***Related Party Transactions.***

Private Equity Consortium, Philips and Philips Pension Trustees

Advisory Services Agreements

The members of the Private Equity Consortium will provide certain advisory services to us. We have entered into separate agreements in this regard with the respective parties, under which each of the various legal entities will receive an annual advisory fee of $25,000 (with an aggregate total amount of $125,000 annually).

Shareholders' Agreement

Prior to the consummation of the initial public offering in August 2010, the members of the Private Equity Consortium restructured their indirect shareholding in our common stock such that each of them holds directly, or indirectly through a separate Luxembourg holding company, shares of our common stock. At the same time, KASLION Holding B.V. ceased to hold shares of our common stock. In connection with this restructuring, the members of the Private Equity Consortium, Philips and the Management Foundation (together, the "Existing Shareholders") entered into a new shareholders' agreement among themselves, which replaced the shareholders' agreement entered into on September 29, 2006. We are not a party to the new shareholders' agreement.

Under the terms of the new shareholders' agreement, the Existing Shareholders and any affiliate to which the Existing Shareholders transfer common stock are only allowed to sell shares of our common stock after having received approval from an investors committee consisting of representatives of the Private Equity Consortium. These restrictions will terminate upon the Existing Shareholders collectively ceasing to hold a percentage of shares of our common stock equal to at least (i) 25% of their shareholding immediately prior to the initial public offering and (ii) 10% (or, with respect to restrictions on sales by Philips, its affiliate transferees and transferees pursuant to clause (ii) of the following paragraph (collectively, the "Philips Parties"), 20%) of the shares of our common stock outstanding at any time, whichever occurs earlier. Any approved sale, other than sales by any Philips Party, will also be subject to pro rata tag-along rights for other Existing Shareholders.

The transfer restrictions do not apply to (i) transfers of shares of our common stock by the Existing Shareholders to their respective affiliates, (ii) transfers of shares of our common stock held by Philips to affiliated entities or one or more pension funds operated for the benefit of Philips' current and former employees, provided such persons enter into the new shareholders' agreement, and (iii) transfers of shares in our common stock held by Philips Parties, provided that the aggregate number of shares of our common stock that can be sold by Philips Parties may not exceed (a) 4% of the Outstanding Share Amount during the twelve-month period immediately preceding the date of the consummation of the relevant transfer or (b) 2% of the Outstanding Share Amount during the three-month period immediately preceding the date of the consummation of the relevant transfer. For purposes of these restrictions, "Outstanding Share Amount" shall mean (i) with respect to any transfer in respect of which a Form 144 has been filed with the SEC, the number of shares of common stock outstanding as shown on such form and (ii) with respect to any other transfer, that number of shares of common stock outstanding that we shall have most recently disclosed in our public filings with the SEC.

Existing Shareholders proposing to sell at least 40% of the shares of our common stock outstanding at any time to a third party purchaser can also require the other Existing Shareholders to sell to such third party purchaser.

The new shareholders' agreement also contains voting agreements among the Existing Shareholders with respect to, among other matters, the election of certain non-executive members to our board of directors. The shareholders' agreement provides that our board of directors shall be comprised of, among others, seven non-executive members and that certain stockholders have the right to designate such non-executive members, subject to their election by our general meeting of stockholders. So long as Philips, or entities affiliated with Philips or operated for the benefit of Philips' current and former employees, beneficially owns at least 10% of our outstanding shares of common stock, Philips will have the right to designate one member to our board of directors. So long as any fund advised by KKR, Bain, Silver Lake, Apax or AlpInvest beneficially owns at least 2.5% of the outstanding shares of our common stock, such fund shall have the right to designate either one or two members to our board of directors. The funds advised by KKR and Bain each have the right to designate two members of our board of directors and the funds advised by Silver Lake and Apax each have the right to designate one member to our board of directors. If any party's shareholding falls below the relevant threshold, it will cause the board member(s) nominated by it to promptly resign from the board of directors, unless otherwise agreed.

The new shareholders agreement will terminate upon the occurrence of certain events, including: (i) with respect to the individual parties to the agreement, upon such party ceasing to hold shares of common stock, (ii) with respect to Philips, upon the date that is three years after the consummation of the initial public offering in August 2010 and (iii) with respect to all parties, upon certain parties' collective shareholdings falling below specified thresholds.

Registration Rights Agreement

In connection with the restructuring, the Existing Shareholders and certain other investors have entered into a registration rights agreement with us. In accordance with the registration rights agreement, we have filed a shelf registration statement on Form F-3 with the SEC on August 23, 2011. In addition, the registration rights agreement provides the Existing Shareholders with an unlimited number of demand registration rights and with piggyback registration rights, with a right to participate for certain other investors, which, in either case if exercised, would impose on us an obligation to register for public resale with the SEC shares of our common stock that are held by the Existing Shareholders or such other investors. The demand registration rights can be exercised at any time after the expiration of the lockup period. The piggyback registration rights may be exercised whenever we propose to register any of our securities under the Securities Act or equivalent non-U.S. securities laws, other than the initial public offering on August 5, 2010 or a registration pursuant to demand registration rights, on Form F-4 or S-4 or any successor form or solely relating to an offering and sale to our employees or directors pursuant to any employee stock option plan or any other benefit plan arrangement. In each such event, we are required to pay the registration expenses.

Philips, Philips Pension Trustees Limited and PPTL Investment LP

On September 7, 2010, Philips Pension Trustees Limited purchased Philips' 42,715,650 shares of common stock in the Company ("Transfer Shares") in a private transaction. In a subsequent private transaction, on October 29, 2010, PPTL Investment LP purchased the Transfer Shares from Philips Pension Trustees Limited by way of a transfer agreement, to which also Philips is a party ("Amended Transfer Agreement"). PPTL Investment LP acquired the Transfer Shares for the purpose of owning and managing such assets as may be contributed to Philips Pension Trustees Limited. In connection with this transaction, PPTL Investment LP was required to join the new shareholders agreement, to which Philips and Philips Pension Trustees Limited were already a party. Under the terms of the new shareholders agreement, PPTL Investment LP is required to vote the Transfer Shares in favor of certain other parties' nominees to the Company's board of directors. In addition, PPTL Investment LP may be required in the future to sell the Transfer Shares and to vote in favor of a sale of control of the Company pursuant to drag-along provisions contained in the new shareholders agreement, and may, if joining together with other parties thereto to form the percentage of common stock required to trigger such drag-along provisions, similarly require the other parties thereto to sell common stock and vote in favor of a sale of control of the Issuer. Philips may appoint the majority of the board of directors of Philips Pension Trustees Limited. In addition, the Amended Transfer Agreement limits the ability of PPTL Investment LP as the holder of the Transfer Shares to dispose of the Transfer Shares without the consent of Philips. Furthermore, the shareholders' agreement grants Philips the right to nominate one non-executive member of the Issuer's board of directors and requires PPTL Investment LP to vote the Transfer Shares in favor of such nominee. In the secondary offering of shares of our common stock, consummated on April 5, 2011, PPTL Investment LP sold 7,182,436 shares of common stock. In addition, on July 6, 2011, PPTL Investment LP entered into a sales plan with a broker in order to enable the disposition of up to 2.5 million shares of common stock within a three-month period and on November 1, 2011, it entered into a sales plan to dispose of up to 2,515,915 shares of common stock in a three-month period. On February 17, 2012, PPTL Investment LP entered into a sales plan with a broker in order to enable the disposition of up to 4,940,316 shares of common stock within a three-month period.

Intellectual Property Transfer and License Agreement

The Intellectual Property Transfer and License Agreement dated September 28, 2006, which we refer to as the "IP Agreement", governs the licensing of certain intellectual property from Philips to us and from us to Philips. Under the terms of this agreement, Philips assigned to us approximately 5,300 patent families. The IP Agreement also provides for certain design and processing requirements with respect to a very limited number of patents, the so-called phase change memory patents, which provide that if we fail to exploit these patents within five years, we must reassign them to Philips. If we are required to re-assign patents, we will receive a non-transferable, royalty-free irrevocable license to use such patents following the re-assignment.

In addition to assigning patents to us, Philips has granted us a non-exclusive, royalty-free and irrevocable license to all patents that Philips held but did not assign to us, to the extent that they were entitled to the benefit of a filing date prior to the separation between us and Philips and for which Philips was free to grant licenses to third parties without the consent of or accounting to any third party other than an entity owned or controlled by Philips or us and to certain know-how that was available to us, where such patents and know-how relate: (1) to our products and technologies, as of September 29, 2006, as well as successor products and technologies, (2) to technology that was developed for us prior to the separation between us and Philips, and (3) to technology developed pursuant to contract research work co-funded by us. Philips has also granted us a non exclusive, royalty free and irrevocable license (1) under certain patents for use in giant magneto-resistive devices outside the field of healthcare and bio applications, and (2) under certain patents relevant to polymer electronics resulting from contract research work cofounded by us in the field of radio frequency identification tags. This license is subject to exclusions. The license does not cover (1) patents which are necessary for the implementation of an adopted standard, (2) patents which as of September 29, 2006, were used or will be used by Philips in industry-wide licensing programs of which Philips has informed us in writing, (3) patents and know-how relating to 3D applications, or (4) unless originating from work co-funded by us or generated by our employees, patents for solid state lighting applications. The license is non-transferable (although divested companies will have an option, under certain circumstances, to enter into a new license agreement with Philips) but includes certain rights to grant sublicenses and to have products made by third party manufacturers ("have-made rights"). The license is subject to certain prior commitments and prior undertakings. In return, we granted Philips a non-exclusive, royalty-free, irrevocable license under all patents and know-how that Philips assigned and transferred to us under the IP Agreement. This license is non-transferable and includes specified sub-license and have-made rights. In particular Philips has been granted the right to have products made by third party manufacturers, solely for the account of, and use or resale by, Philips. Philips also has the right to grant sub-licenses for (a) integrated circuits and discretes, miniature loudspeakers, kits or RF front-end solutions and other products, (b) for features that are designed by or exclusively for Philips, (c) to third party manufacturers, that have obtained a right to make products for Philips for the duration of such manufacturer delivering such products to Philips, enabling such manufacturer to supply such products to

third parties for the same applications as used by Philips after expiration of the lead times as agreed between Philips and the supplier. Philips is furthermore entitled to grant sub-licenses (1) to third parties insofar as necessary to enable primarily technology co-operations and to license software to third parties other than customers, (2) to third parties, with whom Philips or any of its associated companies has entered or will enter into cross-license agreements and to which we or any of our associated companies become a party and (3) insofar as necessary for the sale or licensing, directly or indirectly, of services, software and/or IP blocks by Philips.

Philips has granted us a non-transferable, non-exclusive, royalty-free, irrevocable license to use any software retained by it within the scope of our business to the extent such software was available to us at the closing of our separation and to the extent necessary for the sale of existing products supplied by us at the time of the separation. This license includes the right to modify and create derivative works and the right to grant sublicenses in the context of, and to the extent necessary for, the marketing or supplying certain products supplied by us on the date of the closing of our separation. In return, we have granted Philips a cross-license with respect to all software rights that Philips has assigned or transferred to us.

Under the IP Agreement, Philips has also assigned to us certain copyrights, know-how, trademarks and domain names as well as certain patent license and patent ownership agreements. The copyrights assigned include all copyrights relating to integrated circuits and discrete semiconductors, miniature loudspeakers, kits and radio frequency front-end solutions that historically have been marketed by or developed by, or exclusively for, our business and any drawings and documentation relating to such products. The business know-how assigned includes know-how that originated within Philips but is used or intended to be used primarily within our business. The trademarks and domain names assigned include Nexperia® and TriMedia®.

In accordance with the IP Agreement, we have ceased using the term “Philips” as a brand name or trade name without Philips’ consent. This includes the use of the Philips trademark and logo, and any derivative or combination mark. We are, however, permitted under certain circumstances to use the tag “founded by Philips” in accordance with Philips’ guidelines for a period of five years after our separation from Philips.

Private Equity Consortium and Certain Co-investors

We have been advised by the Private Equity Consortium that it has entered into an agreement relating to shares of our common stock with certain co-investors that participated with the Private Equity Consortium in connection with its purchase from Philips of 80.1% of its semiconductor business in 2006. Pursuant to this agreement, until November 5, 2011, 15 months after the initial public offering on August 5, 2010, the co-investors were restricted from selling the shares of our common stock held by them as of the date of the initial public offering on August 5, 2010. These volume and other limitations terminated on November 5, 2011, and the co-investors may now freely sell their shares without restriction under the agreement. As of December 31, 2011, the aggregate number of shares of our common stock beneficially owned by these co-investors was 19,314,431, representing approximately 7.67% of our outstanding shares.

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. The only material alliance partner with whom we have entered into transactions is Trident.

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

Our ability to pay dividends on our common stock is limited by the covenants of our Secured Revolving Credit Facility or the Forward Start Revolving Credit Facility, as the case may be, the Term Loans and the Indentures and may be limited by the terms of any future debt or preferred securities. As a result, we currently expect to retain future earnings for use in the operation and expansion of our business and the repayment of our debt, and do not anticipate paying 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, 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.***

No significant changes have occurred since the date of our consolidated financial statements.

Item 9. The Offer and Listing.

A. ***Offer and Listing Details.***

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".

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 since its introduction on August 6, 2010. The table also shows the introduction price which was fixed on August 5, 2010.

	NASDAQ	
	High	**Low**
2010		
August 5, 2010	14.00	14.00
3rd quarter 2010	14.00	10.68
4th quarter 2010	20.93	11.85
2011		
1st quarter 2011	31.95	21.43
2nd quarter 2011	34.18	22.65
3rd quarter 2011	27.51	14.03
4th quarter 2011	19.66	13.68
Most recent six months		
September 2011	20.29	14.12
October 2011	19.66	13.68
November 2011	17.72	15.00
December 2011	18.55	14.32
January 2012	21.77	16.01
February 2012	25.83	21.63

B. ***Plan of Distribution.***

Not applicable.

C. ***Markets.***

The Super Priority Notes, Secured Notes and Unsecured Notes, each of which was co-issued by NXP Funding LLC and NXP B.V. both of which are wholly-owned subsidiaries of us, and which are guaranteed by certain of our other wholly-owned subsidiaries, are listed on the Global Exchange Market of the Irish Stock Exchange.

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.

On March 4, 2011, NXP B.V. and NXP Funding LLC as borrowers, entered into the First 2017 Term Loan among 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, for an initial $500 million term loan. We initially drew on our 2017 Term Loan on April 6, 2011 and used the proceeds together with cash on hand and the available borrowing capacity under the Revolving Credit Facility, to retire all $362 million of outstanding U.S. dollar Fixed Rate Notes 2014, together with $100 million of U.S. dollar Floating Rate Secured Notes 2013, €143 million of Euro Floating Rate Secured Notes 2013. On November 18, 2011, we entered into the Second 2017 Term Loan to provide for an additional $500 million tranche. As amended, our 2017 Term Loans have a principal amount of $1,000 million, mature on March 4, 2017, and bear interest at a floating rate of 3.25% above LIBOR for the $500 million tranche 1 and 4.25% above LIBOR for the $500 million tranche 2, subject to a LIBOR floor of 1.25%.

On November 10, 2011, we entered into a senior secured indenture between NXP B.V. and NXP Funding LLC as Issuers, each of the guarantors party thereto, Deutsche Bank Trust Company Americas, as trustee, registrar, paying agent, calculation agent and transfer agent, Morgan Stanley Senior Funding Inc. as Global collateral agent, and Mizuho Corporate Bank Ltd. as Taiwan collateral agent. Pursuant to this indenture, we issued an aggregate amount of $615 million U.S. dollar-denominated floating rate senior secured notes, due November 2016, as part of a private transaction. Interest on the notes accrues at a rate of LIBOR plus 5.50%.

On July 4, 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment) to Knowles Electronics for $855 million in cash. The transaction resulted in a gain of $414 million, net of post-closing settlements, transaction-related costs, including working capital settlements, cash divested and taxes, which is included in income from discontinued operations. In conjunction with the transaction, we have agreed with Knowles Electronics to the terms of a strategic relationship whereby we will become Knowles Electronics' exclusive source for certain High Performance Mixed Signal semiconductors. Proceeds from the sale of the Sound Solution business were used to fully repay the utilized borrow capacity of $600 million under the Secured Revolving Credit Facility, to redeem euro-denominated Senior Notes 2015 for a principal amount of €32 million, U.S. dollar-denominated Senior Notes 2015 for a principal amount of $96 million and U.S. dollar-denominated Senior Secured Notes 2018 for a principal amount of $78 million.

Additionally, on February 16, 2012, we entered into the $475 million 2019 Term Loan. The transaction is scheduled to fund on or before March 19, 2012. This new long-term debt has a seven year maturity, has a margin of 4% above LIBOR, with a LIBOR floor of 1.25%, and was priced at 98.5% of par. The covenants of this term loan are substantially the same as those contained in our 2017 Term Loans. We intend to use the proceeds from this new term loan, together with available borrowing capacity under the Secured Revolving Credit Facility, to redeem all of our outstanding euro-denominated 8 5/8% Senior Notes due October 2015 and U.S. dollar-denominated 9 1/2% Senior Notes due October 2015, for a total amount of approximately $775 million.

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 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 or entity who 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. 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:

(i) distributions of profits in cash or in kind, whatever they be named or in whatever form;

(ii) 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;

(iii) 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

(iv) partial repayment of paid-in capital, that is not recognized for Dutch dividend withholding tax purposes, or recognized for Dutch dividend withholding tax purposes, to the extent that we have net profits (*zuivere winst*) and 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.

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 its shares 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.

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 defined respectively in article 6a and 28 of the Dutch corporate income tax act (*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 annual 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 is an individual and the stockholder has opted to be treated as resident in the Netherlands for purposes of Dutch income tax;

(iii) 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 the shares are attributable;

(iv) 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;

(v) the stockholder is entitled, other than by way of the holding of securities, to a share in the profits of an enterprise effectively managed in the Netherlands to which the shares are attributable;

(vi) 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; or

(vii) the stockholder is not 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, and the chosen ownership structure is abusive.

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 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 (*fictief aanmerkelijk belang*) 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 he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or its 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 discussion set forth below is applicable 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.

This summary does not describe all 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 discussion below is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the "Code"), and regulations (including proposed regulations), rulings and judicial decisions there under as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If a partnership 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 discussion 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 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 amounts withheld in respect of Dutch taxes to the extent such amounts are actually transferred to the Dutch tax authorities, as described in "Certain Tax Considerations—Holders of Common Stock—Summary of Dutch Tax Considerations—Withholding Tax") 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 income (including withheld taxes 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 in taxable years beginning before January 1, 2013 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 this legislation to your particular circumstances.

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 imposed by the United States federal income tax rules relating to the availability of the foreign tax credit, Dutch withholding taxes on dividends will 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 in "Certain Tax Considerations—Holders of Common Stock—Summary of Dutch Tax Considerations—Withholding Tax". 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, you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the shares 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.

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 the balance in excess of adjusted basis will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to keep 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 2011 taxable year, and we do not expect to become one in the future, although there can be no assurance in this regard.

In general, a foreign corporation will be treated as a PFIC for any taxable year in which:

- at least 75% of its gross income is passive income, or
- at least 50% of the value (determined based on a quarterly average) of its assets is attributable to assets that produce or are held for the production of passive income.

For this purpose, passive income generally includes dividends, interest, royalties and rents (other than royalties and rents derived in the active conduct of a trade or business and not derived from a related person). If we own at least 25% (by value) of the stock of another corporation, we will be treated, for purposes of the PFIC tests, as owning our proportionate share of the other corporation's assets and receiving our proportionate share of the other corporation's income.

The determination of whether we are a PFIC is made annually. Accordingly, it is possible that we may become a PFIC in the current or any future taxable year due to changes in our asset or income composition. If we are a PFIC for any taxable year during which you hold our shares, you will be subject to special tax rules discussed below.

If we are a PFIC for any taxable year during which you hold our shares, you will be subject to special tax rules with respect to any "excess distribution" received and any gain realized from a sale or other disposition, including a pledge, of shares. Distributions received in a taxable year that are greater than 125% of the average annual distributions received during the shorter of the three preceding taxable years or your holding period for the shares will be treated as excess distributions. Under these special tax rules:

- the excess distribution or gain will be allocated ratably over your holding period for the shares,
- the amount allocated to the current taxable year, and any taxable year prior to the first taxable year in which we were a PFIC, will be treated as ordinary income, and
- the amount allocated to each other year will be subject to tax at the highest applicable tax rate in effect for that year and the interest charge generally applicable to underpayments of tax will be imposed on the resulting tax attributable to each such year.

In addition, non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us in taxable years beginning prior to January 1, 2013 if we are a PFIC in our taxable year in which such dividends are paid or in the preceding taxable year.

You will be required to file an annual report if you hold our shares in any year in which we are classified as a PFIC.

If we are a PFIC for any taxable year during which you hold our shares and any of our non-United States subsidiaries is also a PFIC, a United States Holder would be treated as owning a proportionate amount (by value) of the shares of the lower-tier PFIC for purposes of the application of these rules. You are urged to consult your tax advisors about the application of the PFIC rules to any of our subsidiaries.

In certain circumstances, in lieu of being subject to the excess distribution rules discussed above, you may make an election to include gain on the stock of a PFIC as ordinary income under a mark-to-market method, provided that such stock is regularly traded on a qualified exchange. Our shares are listed on the NASDAQ Global Select Market, which is a qualified exchange for purposes of the mark-to-market election. However, no assurance can be given that the shares will be "regularly traded" for purposes of the mark-to-market election.

If you make an effective mark-to-market election, you will include in each year that we are a PFIC as ordinary income the excess of the fair market value of your shares at the end of the year over your adjusted tax basis in the shares. You will be entitled to deduct as an ordinary loss in each such year the excess of your adjusted tax basis in the shares over their fair market value at the end of the year, but only to the extent of the net amount previously included in income as a result of the mark-to-market election. If you make an effective mark-to-market election, any gain you recognize upon the sale or other disposition of your shares in a year in which we are a PFIC will be treated as ordinary income. Any loss will be treated as ordinary loss, but only to the extent of the net amount of previously included income as a result of the mark-to-market election.

Your adjusted tax basis in the shares will be increased by the amount of any income inclusion and decreased by the amount of any deductions under the mark-to-market rules. If you make a mark-to-market election, it will be effective for the taxable year for which the election is made and all subsequent taxable years unless the shares are no longer regularly traded on a qualified exchange or the Internal Revenue Service consents to the revocation of the election. You are urged to consult your tax advisor about the availability of the mark-to-market election, and whether making the election would be advisable in your particular circumstances.

Alternatively, holders of PFIC shares can sometimes avoid the rules described above by electing to treat such PFIC as a "qualified electing fund" under Section 1295 of the Code. However, this option is not available to you because we do not intend to comply with the requirements, or furnish you with the information, necessary to permit you to make this election.

You are urged to consult your tax advisors concerning the United States federal income tax consequences of holding shares if we are considered a PFIC in any 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. Subject to the discussion above under "Passive Foreign Investment Company", such gain or loss will be capital gain or loss. Capital gains of 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 if you have previously failed 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 annual 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 http://www.sec.gov.

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 Secured Revolving Credit Facility has a floating rate interest and so will our Forward Start Revolving Credit Facility. We have issued several Term Loans that have a floating rate interest and have issued several series of notes with maturities ranging from 4 to 9 years and a mix of floating and 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.

The euro and U.S. dollar denominated notes outstanding December 31, 2011, represent 13% and 87%, respectively, of the total notes outstanding.

The following table summarizes the outstanding notes and term loans as of December 31, 2011:

	Principal amount*	Fixed/ floating	Current coupon rate	Maturity date
Super Priority Notes	€ 29	Fixed	10.0%	2013
Super Priority Notes	$ 221	Fixed	10.0%	2013
Senior Secured Notes	$ 922	Fixed	9.75%	2018
Senior Secured Notes	$ 615	Floating	5.93%	2016
Senior Secured Notes	€ 142	Floating	4.32%	2013
Senior Secured Notes	$ 58	Floating	3.15%	2013
Senior Notes	€ 203	Fixed	8.63%	2015
Senior Notes	$ 510	Fixed	9.50%	2015
2017 Term Loan Tranche 1	$ 496	Floating	4.50%	2017
2017 Term Loan Tranche 2	$ 499	Floating	5.50%	2017

* amount in millions

A sensitivity analysis in relation to our long-term debt shows that if interest rates were to increase by 1% from the level of December 31, 2011 with all other variables held constant, the annualized interest expense would increase by $14 million. If interest rates were to decrease by 1% from the level of December 31, 2011 with all other variables held constant, the annualized interest expense would decrease by $9 million. This impact is based on the outstanding debt position as of December 31, 2011.

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 Ringit, the Singapore Dollar, the Taiwan Dollar and the Thailand Baht.

It is our policy that transaction exposures are hedged. Accordingly, our 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. Committed foreign currency exposures are required to be fully hedged using forward contracts. The net exposures related to anticipated transactions are hedged with a combination of forward transactions up to a maximum tenor of 12 months and a cash position in both euro and dollar.

The table below outlines the foreign currency transactions outstanding as of December 31, 2011:

($ in millions)	**Aggregate Contract Amount buy/(sell)[1]**	**Weighted Average Tenor (in months)**	**Currency Risk**
Foreign currency forward contracts[1] [2]:			
U.S. dollar / Euro	**6.6**	**1.4**	**(1.0)**
Pound Sterling / U.S. dollar	**8.2**	**2.6**	**(0.2)**
Pound Sterling / Euro	**4.0**	**1.4**	**0.0**
Japanese Yen / Euro	**9.5**	**1.1**	**0.0**
Singapore dollar / U.S. dollar	**23.5**	**2.4**	**(0.3)**
Taiwan dollar / U.S. dollar	**20.0**	**1.2**	**(0.0)**
Thai Baht / U.S. dollar	**4.0**	**0.2**	**(0.0)**
Singapore dollar / Euro	**2.0**	**1.4**	**0.0**
Swiss franc / Euro	**0.8**	**1.4**	**0.0**
Japanese Yen / U.S. dollar	**0.3**	**0.4**	**0.0**
Indian Rupee / U.S. dollar	**0.2**	**1.8**	**0.0**

1) USD equivalent

2) Excluding the fair value of short-term liquidity swap transactions which were not material.

See also note 38 “Other financial instruments, derivatives and currency risk” to our consolidated financial statements.

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, 2011 based on the criteria established in "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on that assessment our management concluded that our internal control over financial reporting was effective as at December 31, 2011.

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.

Remediation of Material Weakness in Prior Period

In connection with our assessment of the internal control over financial reporting for the year ended December 31, 2009, NXP B.V., which was an SEC registrant for a number of years and of which we own 100% of the shares, identified and reported a material weakness related to the accounting and disclosure for income taxes, specifically relating to the execution of the procedures surrounding the preparation and review of our income tax provision. The execution of our controls did not ensure the accuracy and validity of our acquisition accounting adjustments and the determination of the valuation allowance for deferred tax assets. Part of the identified issue was caused by the complexity that resulted from the fact that step-ups from acquisitions are accounted for centrally.

In the report for the year ended December 31, 2010, we described the controls that were implemented to improve our internal control over financial reporting and to remediate the material weakness described above. Based on our evaluation of these enhanced controls and increased staffing levels, our management believes that, as of December 31, 2010, we had remediated the material weakness in internal control over financial reporting that we identified as of December 31, 2009. During the year ended December 31, 2011 we have improved the process by removing the complexities resulting from the step-ups from acquisitions being accounted for centrally.

Attestation Report of the Registered Public Accounting Firm

For the year ended December 31, 2011 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.

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.

We have also adopted a Financial Code of Ethics applicable to certain of our senior employees, which constitutes a "code of ethics" as such term is defined by the Securities and Exchange Commission. Both the NXP Code of Conduct and our Financial Code of Ethics are available on our website at www.nxp.com/investor/governance. The information contained on our website or that can be accessed through our website neither constitutes part of this annual 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/governance). 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 2011, 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 annual 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 2010 and 2011 were as follows:

Aggregate fees KPMG

($ in millions)	2010	2011
Audit fees	3.7	3.7
Audit-related fees	1.9	1.4
Tax fees	0.1	—
Other fees	—	0.1
	5.7	5.2

Audit fees consist of fees for the examination of both the consolidated and statutory financial statements.

Audit-related fees consist of fees in connection with audits of acquisitions, divestments and registration statements.

Tax fees consist of fees for professional services in relation to tax compliance, tax advice and tax planning.

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

Not applicable.

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 2011:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs
July-August 2011	3,389,480	16.95	3,389,480

In July-August 2011, our Board of Directors authorized the repurchase of up to 8 million shares of our common stock 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.

We expect to take various actions towards compliance with the provisions of the Dutch corporate governance code.

The Dutch corporate governance code provides that if a company indicates to what extent it applies the best practice provisions, such company will 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 in November 2010 and November 2011 are exercisable one year after the date of grant, and members of our board who received restrictive shares and performance shares in November 2010 and November 2011 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 to invest in the Company and the applicable strict vesting and performance criteria, as well as the limited exercise possibility for pre-IPO MEP stock options granted to him, 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.
- Best practice provision III.8.4 states that the majority of the members of the board shall be independent. In our board of directors, four non-executive members are independent. It is our view that given the nature of our business and the practice in our industry and considering our stockholder structure, it is justified that only four non-executive directors are independent.
- 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.

Although Dutch law currently allows for directors to vote on matters with regard to which they have an interest, this is expected to change in the second half of 2012. The Dutch corporate governance code, as well as our board rules, 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

NASDAQ rules provide that NASDAQ may provide exemptions from its corporate governance standards to a foreign issuer when those standards are contrary to a law, rule or regulation of any public authority exercising jurisdiction over such issuer or contrary to generally accepted business practices in the issuer’s country of domicile. We are exempt from certain NASDAQ corporate governance standards that are contrary to the laws, rules, regulations or generally accepted business practices of the Netherlands. These exemptions and the practices followed by our company 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. Our board is designated for a period of five years from the date of the public offering in August 2010 to issue shares and rights to subscribe for shares.
- NASDAQ requires the majority of the board of directors to be comprised of independent directors. Although the Dutch corporate governance code provides that the majority of the members of the board be independent, it also provides that if a company expressly indicates the reasons and the extent to which it does not apply the provisions of the Dutch corporate governance code, such company will deemed to have applied the code. As described under "—Corporate Governance—The Dutch Corporate Governance Code" above, three to four non-executive members of our board of directors will be independent. It is our view that given the nature of our business and the practice in our industry and considering our stockholder structure, it is justified that only three to four non-executive directors will be independent.
- We are exempt from NASDAQ's requirement to have independent director oversight of executive officer compensation. Although the SEC has recently proposed new rules directing national securities exchanges, including NASDAQ, to adopt listing standards requiring that issuers' compensation committees be comprised exclusively of independent directors, we, as a foreign private issuer, remain exempt from this requirement provided that we 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.
- 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.
- 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.

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 annual report.

Item 18. Financial Statements.

See pages F-1 to F-63.

Item 19. Exhibits.

Exhibit Number	Description of Document
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
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	Senior Secured Indenture dated as of October 12, 2006 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto, Deutsche Bank Trust Company Americas as Trustee, Morgan Stanley Senior Funding Inc. as Global Collateral Agent and Mizuho Corporate Bank Ltd. as Taiwan Collateral Agent (incorporated by reference to Exhibit 4.1 of the Registration Statement on Form F-4 of NXP B.V. filed on April 23, 2007 (File No. 333-142287))
4.2	Super Priority Notes Indenture dated as of April 2, 2009 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto and Law Debenture Trust Company of New York as Trustee (incorporated by reference to Exhibit 4.2 of the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on April 16, 2010 (File No. 333-166128))
4.3	Senior Unsecured Indenture dated as of October 12, 2006 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 4.2 of the Registration Statement on Form F-4 of NXP B.V. filed on April 23, 2007 (File No. 333-142287))
4.4	Collateral Agency Agreement dated as of September 29, 2006 among NXP Semiconductors N.V. (formerly known as KASLION Acquisition B.V.), NXP B.V., the Guarantors named therein, the Secured Parties as defined therein and from time to time parties thereto, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and Mizuho Corporate Bank Ltd. as Taiwan Collateral Agent (incorporated by reference to Exhibit 4.3 of the Registration Statement on Form F-4 of NXP B.V. filed on April 23, 2007 (File No. 333-142287))
4.5	Senior Secured Indenture dated as of July 20, 2010 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto, Deutsche Bank Trust Company Americas as trustee, Morgan Stanley Senior Funding Inc. as Global Collateral Agent and Mizuho Corporate Bank Ltd. as Taiwan Collateral Agent (incorporated by reference to Exhibit 4.5 of Amendment No. 5 to the Registration Statement on Form F-1 of NXP Semiconductors N.V., filed on July 22, 2010 (File No. 333-166128))
4.6	Amended and Restated Shareholders' Agreement dated August 5, 2010 among the AlpInvest Parties, Apax Parties, Bain Capital Parties, Co-Invest Parties, Kaslion S.à r.l., KASLION Holding B.V., the KKR Parties, Koninklijke Philips Electronics N.V., the Silver Lake Parties and Stichting Management Co-Investment NXP (incorporated by reference to Exhibit 2 of the current report on Form 6-K of NXP Semiconductors N.V. filed on August 10, 2010)

Exhibit Number	Description of Document
4.7	Registration Rights Agreement dated August 5, 2010 among NXP Semiconductors N.V., AlpInvest Partners CSI 2006 Lion C.V., AlpInvest Partners Later Stage II-A Lion C.V., Meridian Holding S.à.r.l., Bain Pumbaa Luxco S.à.r.l., KKR NXP Investor S.à.r.l., NXP Co-Investment Investor S.à.r.l., SLII NXP S.à.r.l., Koninklijke Philips Electronics N.V., Stichting Management Co-Investment NXP and certain hedge funds party to the agreement (incorporated by reference to Exhibit 3 of the current report on Form 6-K of NXP Semiconductors N.V. filed on August 10, 2010)
4.8	Secured Term Credit Agreement dated March 4, 2011 among NXP B.V. and NXP Funding LLC as borrower, 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.
4.9	Joinder and Amendment Agreement dated November 18, 2011 amending the Secured Term Credit Agreement dated March 4, 2011 among NXP B.V. and NXP Funding LLC as borrower, 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.
4.10	New Term Loan Joinder Agreement dated February 16, 2012 amending the Secured Term Credit Agreement dated March 4, 2011 among NXP B.V. and NXP Funding LLC as borrower, 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.
4.11	Senior Secured Indenture dated as of November 10, 2011 among NXP B.V. and NXP Funding LLC as Issuers, each of the Guarantors named on the signature pages thereto, Deutsche Bank Trust Company Americas as trustee, registrar, paying agent, calculation agent and transfer agent, Morgan Stanley Senior Funding Inc. as Global Collateral Agent, and Mizuho Corporate Bank Ltd. as Taiwan Collateral Agent.
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	Secured Revolving Credit Facility dated as of September 29, 2006 among NXP Semiconductors N.V., NXP B.V. and NXP Funding LLC as borrowers, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent, Deutsche Bank AG, London Branch, as Syndication Agent, Merrill Lynch Capital Corporation as Documentation Agent and Morgan Stanley Bank International Limited, Deutsche Bank AG, London Branch and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint-lead arrangers and Joint bookrunners (incorporated by reference to Exhibit 10.1 of the Registration Statement on Form F-4 of NXP B.V. filed on April 23, 2007 (File No. 333-142287))
10.4	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))
10.5	Forward Start Revolving Credit Facility dated as of May 10, 2010 among NXP Semiconductors N.V., NXP B.V., NXP Funding LLC as borrowers, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and Administrative Agent and Barclays Capital, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank), Credit Suisse Securities (USA) LLC, Fortis Bank (Nederland) N.V., Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and Morgan Stanley Bank International Limited as Joint-Lead Arrangers and Joint Bookrunners (incorporated by reference to Exhibit 10.5 of the Amendment No. 1 to the Registration Statement on Form F-1 of NXP Semiconductors N.V. filed on May 24, 2010 (File No. 333-166128))

Exhibit Number	Description of Document
10.6	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))
10.7	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))
10.8	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))
10.9	Agreement with regard to the Lease of a Single (vehicle) Shelter dated as of October 30, 2009 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.11 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 Standard Plant Basements dated as of July 1, 2011 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd.
10.11	Agreement with regard to the Lease of a Single (vehicle) Shelter dated as of March 8, 2010 between the Export Processing Zone Administration (Ministry of Economic Affairs) and NXP Semiconductors Taiwan Ltd. (incorporated by reference to Exhibit 10.13 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 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))
10.13	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))
10.14	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))
10.15	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))
10.16	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))
10.17	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))

Exhibit Number	Description of Document
10.18	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))
10.19	Management Equity Stock Option Plan Terms and Conditions dated August 2010
10.20	Management Equity Stock Option Plan Terms and Conditions dated January 2011
10.21	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
10.22	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))
10.23	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
12.1	Certification of R. Clemmer filed pursuant to 17 CFR 240. 13a-14(a)
12.2	Certification of K. Sundström 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 K. Sundström furnished pursuant to 17 CFR 240. 13a-14(b)
21.1	List of Significant Subsidiaries of the Registrant
22	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.
ASIC	Application Specific Integrated Circuit. An integrated circuit customized for a particular use for a particular customer, rather than a general purpose use. For example, a chip designed solely to run a mobile phone is an ASIC.
AUP	Advanced Ultra low Power, is the smallest, high-performance, low voltage logic available.
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.
BCDMOS	Bipolar CMOS DMOS. A process technology that combines elements of bipolar, CMOS and DMOS technology and is capable of handling high voltages.
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.
Can tuner	A module component used in television systems to convert broadcasts into a format suitable for television projection. Can tuners are rapidly being replaced by silicon tuners.
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.
CFL	Compact Fluorescent Light. A type of fluorescent lamp designed to replace an incandescent lamp, while using less power and increasing rated life.
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.
DVB-T2	Digital Video Broadcasting—Second Generation Terrestrial. A television broadcasting standard used to transmit compressed digital audio, video and other data using land based (terrestrial) signals.
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.
EURIBOR	Euro Interbank Offered Rate. The benchmark rate at which euro interbank term deposits within the eurozone are offered by one prime bank to another prime bank.
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.
GPS	Global Positioning System.
HDMI	High-Definition Multimedia Interface. A compact audio/video interface for transmitting uncompressed digital data.
I^2C	A multi-master serial single-ended computer bus that is used to attach low-speed peripherals to a motherboard, embedded system or mobile phone.
Integrated Circuit	Integrated Circuit. A miniaturized electronic circuit that has been manufactured in the surface of a thin substrate of semiconductor material.
ICN5,6,8	NXP wafer fab facilities located in Nijmegen, Netherlands, processing 5”, 6” or 8” diameter wafers.
IFRS	International Financial Reporting Standard. A standard and interpretation adopted by the International Accounting Standards Board.
In-process research and development	The value allocated to incomplete research and development projects in acquisitions treated as purchases.
Leadframe	A thin layer of metal that connects the wiring from tiny electrical technicals on the semiconductor surface to the large scale circuitry on electrical devices and circuit boards. Leadframes are used in almost all semiconductor packages.
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.
LIN	Local Interconnect Network. A network technology used in automotive network architecture.

LNA	Low-Noise Amplifier. An electronic amplifier used to amplify very weak signals.
Magneto-resistive device	A device fabricated with magneto-resistive material (material that has the ability to change the value of its electrical resistance when an external magnetic field is applied to it).
Memory	Any device that can store data in machine readable format. Usually used synonymously with random access memory and read only memory.
MEMS	Micro Electro Mechanical Systems. Tiny mechanical devices that are built onto semiconductor chips and are measured in micrometers.
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.
MMIC	Monolithic Microwave Integrated Circuit. A type of integrated circuit device that operates at microwave frequencies.
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.
Power scaling	Design technique used to increase output power without changing the geometry, shape, or principle of operation.
Process technologies	The technologies used in front-end processes to convert raw silicon wafers into finished wafers containing hundreds or thousands of chips.
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.
Silicon tuners	Semiconductor devices for receiving broadcast television signals. Silicon tuners are expected to displace mechanical can tuners as the dominant technology in television receivers.
SIM	Subscriber Identity Module. A smart card that stores the key identifying a cellular phone service subscriber and related information.
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.
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.
WACC	Weighted Average Cost of Capital. A calculation of a company’s cost of capital in which each category of capital is proportionally weighted.
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.

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	/s/ KARL SUNDSTRÖM
Rick Clemmer Chief Executive Officer (Principal Executive Officer)	Karl Sundström Chief Financial Officer (Principal Financial and Accounting Officer)

Date: March 13, 2012

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

The following financial statements and related schedules, together with reports 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

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

We have audited the accompanying consolidated balance sheets of NXP Semiconductors N.V. and subsidiaries ("the Company") as of December 31, 2011 and 2010, 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, 2011. We have also audited the Company's internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company'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 in Item 15 of this Form 20-F. 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 the Company as of December 31, 2011 and 2010, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2011, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG Accountants N.V.

Amstelveen, the Netherlands
March 13, 2012

Consolidated statements of operations of NXP Semiconductors N.V.

	($ in millions unless otherwise stated)	For the years ended December 31, 2009	2010	2011
	Revenue	3,519	4,402	**4,194**
	Cost of revenue	(2,621)	(2,579)	**(2,288)**
	Gross profit	898	1,823	**1,906**
	Research and development expenses	(764)	(568)	**(635)**
	Selling expenses	(271)	(265)	**(285)**
	General and administrative expenses:			
	Impairment of assets held for sale	(69)	—	—
	Other general and administrative expenses	(712)	(701)	**(633)**
	Other income (expense)	(13)	(16)	**4**
6,7	**Operating income (loss)**	(931)	273	**357**
8	Financial income (expense):			
	Extinguishment of debt	1,020	57	**(32)**
	Other financial income (expense)	(338)	(685)	**(225)**
	Income (loss) before income taxes	(249)	(355)	**100**
9	Benefit (provision) for income taxes	(10)	(24)	**(21)**
10	Results relating to equity-accounted investees	74	(86)	**(77)**
	Income (loss) from continuing operations	(185)	(465)	**2**
3	Income (loss) from discontinued operations, net of tax	32	59	**434**
	Net income (loss)	(153)	(406)	**436**
	Attribution of net income (loss) for the period:			
	Net income (loss) attributable to stockholders	(167)	(456)	**390**
11	Net income (loss) attributable to non-controlling interests	14	50	**46**
	Net income (loss)	(153)	(406)	**436**
12	**Earnings per share data:**			
	Basic and diluted earnings per common share attributable to stockholders in $			
	- Income (loss) from continuing operations	(0.93)	(2.25)	**(0.17)**
	- Income (loss) from discontinued operations	0.15	0.26	**1.74**
	- Net income (loss)	(0.78)	(1.99)	**1.57**
	Weighted average number of shares of common stock outstanding during the year (in thousands)			
	- Basic and diluted	215,252	229,280	**248,812**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of comprehensive income of NXP Semiconductors N.V.

($ in millions)	For the years ended December 31, 2009	2010	2011
Net income (loss)	(153)	(406)	**436**
Recognition funded status pension benefit plan	19	(20)	**9**
Foreign currency translation adjustments	76	160	**(19)**
Net investment hedge	—	—	**(203)**
Reclassifications into income	(78)	(2)	**—**
Income tax on net current period changes	(4)	1	**(2)**
Other comprehensive income (loss)	13	139	**(215)**
Total comprehensive income (loss)	(140)	(267)	**221**
Attribution of comprehensive income (loss) for the period:			
Income (loss) attributable to stockholders	(154)	(317)	**175**
Income (loss) attributable to non-controlling interests	14	50	**46**
Total net comprehensive income (loss)	(140)	(267)	**221**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated balance sheets of NXP Semiconductors N.V.

	($ in millions unless otherwise stated)	As of December 31, 2010		As of December 31, 2011	
	Assets				
	Current assets				
35	Cash and cash equivalents		898		**743**
13,33	Receivables:				
	Accounts receivable—net	396		**441**	
	Other receivables	42		**38**	
			438		**479**
14	Assets held for sale		48		**39**
3	Current assets of discontinued operations		110		**—**
15	Inventories		513		**618**
9,16	Other current assets		129		**87**
	Total current assets		2,136		**1,966**
	Non-current assets				
10	Investments in equity-accounted investees		132		**37**
17	Other non-current financial assets		19		**17**
3	Non-current assets of discontinued operations		266		**—**
9,18	Other non-current assets		135		**127**
19,30	Property, plant and equipment:				
	At cost	2,139		**2,065**	
	Less accumulated depreciation	(975)		**(1,002)**	
			1,164		**1,063**
20	Intangible assets excluding goodwill:				
	At cost	2,928		**2,536**	
	Less accumulated depreciation	(1,442)		**(1,365)**	
			1,486		**1,171**
21	Goodwill		2,299		**2,231**
	Total non-current assets		5,501		**4,646**
	Total assets		7,637		**6,612**
	Liabilities and equity				
	Current liabilities				
33	Accounts payable		593		**455**
14	Liabilities held for sale		21		**21**
3	Current liabilities of discontinued operations		60		**—**
22	Accrued liabilities		461		**332**
9,23,24,25,31	Short-term provisions		95		**130**
26	Other current liabilities		95		**59**
27	Short-term debt		423		**52**
	Total current liabilities		1,748		**1,049**
	Non-current liabilities				
28,30	Long-term debt		4,128		**3,747**
9,23,24,25,31	Long-term provisions		415		**347**
3	Non-current liabilities of discontinued operations		20		**—**
29	Other non-current liabilities		107		**112**
	Total non-current liabilities		4,670		**4,206**
30,31	Contractual obligations and contingent liabilities				
	Equity				
11	Non-controlling interests		233		**212**
32	Stockholders' equity:				
	Common stock, par value €0.20 per share:				
	Authorized: 430,503,000 shares (2010: 430,503,000 shares)				
	Issued and fully paid: 251,751,500 shares (2010: 250,751,500 shares)	51		**51**	
	Capital in excess of par value	6,006		**6,047**	
	Treasury shares, at cost 3,915,144 shares (2010: nil)	—		**(57)**	
	Accumulated deficit	(5,609)		**(5,219)**	
	Accumulated other comprehensive income (loss)	538		**323**	
	Total Stockholders' equity		986		**1,145**
	Total equity		1,219		**1,357**
	Total liabilities and equity		7,637		**6,612**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows of NXP Semiconductors N.V.

($ in millions)	For the years ended December 31, 2009	2010	2011
Cash flows from operating activities:			
Net income (loss)	(153)	(406)	**436**
(Income) loss from discontinued operations, net of tax	(32)	(59)	**(434)**
Income (loss) from continuing operations	(185)	(465)	**2**
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	818	684	**591**
Impairment assets held for sale	69	—	**—**
Net (gain) loss on sale of assets	(58)	21	**10**
(Gain) loss on extinguishment of debt	(1,045)	(57)	**32**
Results relating to equity-accounted investees	—	86	**77**
Changes in operating assets and liabilities:			
(Increase) decrease in receivables and other current assets	(66)	109	**(32)**
(Increase) decrease in inventories	31	8	**(104)**
Increase (decrease) in accounts payable, accrued and other liabilities	(194)	(117)	**(266)**
Decrease (increase) in other non-current assets	105	(157)	**51**
Increase (decrease) in provisions	(178)	(120)	**(107)**
Exchange differences	(39)	353	**(128)**
Other items	41	16	**49**
Net cash provided by (used for) operating activities	(701)	361	**175**
Cash flows from investing activities:			
Purchase of intangible assets	(8)	(7)	**(10)**
Capital expenditures on property, plant and equipment	(92)	(258)	**(221)**
Proceeds from disposals of property, plant and equipment	21	31	**15**
Proceeds from disposals of assets held for sale	—	8	**11**
Proceeds from the sale of securities	20	—	**—**
Purchase of other non-current financial assets	(2)	(2)	**(1)**
Proceeds from the sale of other non-current financial assets	1	27	**4**
Purchase of interests in businesses	—	(8)	**—**
Proceeds from (consideration related to) sale of interests in businesses	123	(60)	**—**
Net cash provided by (used for) investing activities	63	(269)	**(202)**
Cash flows from financing activities:			
Net (repayments) borrowings of short-term debt	7	8	**17**
Amounts drawn under the revolving credit facility	400	—	**200**
Repayments under the revolving credit facility	(200)	(200)	**(600)**
Repurchase of long-term debt	(286)	(1,383)	**(1,997)**
Net proceeds from the issuance of long-term debt	—	974	**1,578**
Principal payments on long-term debt	(1)	(2)	**(10)**
Dividends paid to non-controlling interests	(29)	(2)	**(67)**
Net proceeds from the issuance of common stock	—	448	**—**
Cash proceeds from exercise of stock options	—	—	**10**
Purchase of treasury shares	—	—	**(57)**
Net cash provided by (used for) financing activities	(109)	(157)	**(926)**
Net cash provided by (used for) continuing operations	(747)	(65)	**(953)**
Cash flows from discontinued operations:			
Net cash provided by (used for) operating activities	(15)	10	**20**
Net cash provided by (used for) investing activities	15	(17)	**791**
Net cash provided by (used for) financing activities	—	2	**(2)**
Net cash provided by (used for) discontinued operations	—	(5)	**809**
Net cash provided by (used for) continuing and discontinued operations	(747)	(70)	**(144)**
Effect of changes in exchange rates on cash positions	(8)	(63)	**(21)**
Increase (decrease) in cash and cash equivalents	(755)	(133)	**(165)**
Cash and cash equivalents at beginning of period	1,796	1,041	**908**
Cash and cash equivalents at end of period	1,041	908	**743**
Less: cash and cash equivalents at end of period-discontinued operations	15	10	**—**
Cash and cash equivalents at end of period-continuing operations	1,026	898	**743**

Note: Dividends paid to non-controlling interests have been reclassified from operating activities to financing activities to align with the guidance provided by ASC Topic 810 that classifies non-controlling interests within equity.

For a number of reasons, principally the effects of translation differences and consolidation changes, certain items in the statements of cash flows do not correspond to the differences between the balance sheet amounts for the respective items.

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of cash flows of NXP Semiconductors N.V.—(Continued)

($ in millions)	For the years ended December 31, 2009	2010	2011
Supplemental disclosures to the consolidated statements of cash flows			
Net cash paid during the period for:			
Interest	391	278	**301**
Income taxes	50	19	**25**
Net gain (loss) on sale of assets:			
Cash proceeds from the sale of assets	165	6	**30**
Book value of these assets	(159)	(142)	**(40)**
Non-cash gains (losses)	52	115	**—**
	58	(21)	**(10)**
Non-cash investing information:			
Assets received in lieu of cash from the sale of businesses:			
Trident shares	—	177	**—**
Virage Logic shares/options	15	—	**—**
Others	5	—	**—**
Other items:			
Other items consist of the following non-cash elements in income:			
Share-based compensation	28	12	**31**
Value adjustments/impairment financial assets	—	(4)	**—**
Non-cash tax expense against other intangibles	5	—	**—**
Non-cash interest cost due to applying effective interest method	8	15	**18**
Others	—	(7)	**—**
	41	16	**49**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated statements of changes in equity of NXP Semiconductors N.V.

						Accumulated other comprehensive income (loss)							
($ in millions)	**Outstanding number of shares (in thousands)**	**Common stock**	**Capital in excess of par value**	**Treasury shares at cost**	**Accumulated deficit**	**Net investment hedge**	**Currency translation differences**	**Unrealized gain (loss) on available-for-sale securities**	**Unrecognized net periodic pension cost**	**Total accumulated other comprehensive**	**Total stockholders' equity**	**Non-controlling interests**	**Total equity**
Balance as of January 1, 2008	215,252	42	5,527	—	(4,986)	—	363	6	17	386	969	213	1,182
Net income (loss)					(167)						(167)	14	(153)
Components of other comprehensive income:													
- Recognition of funded status pension benefit plan									19	19	19		19
- Foreign currency translation adjustments							76			76	76		76
- Reclassifications into income							(72)	(6)		(78)	(78)		(78)
- Income tax on current period changes									(4)	(4)	(4)		(4)
Share-based compensation plans			28								28		28
Dividends paid to non-controlling interests												(29)	(29)
Balance as of December 31, 2009	215,252	42	5,555	—	(5,153)	—	367	—	32	399	843	198	1.041
Net income (loss)					(456)						(456)	50	(406)
Components of other comprehensive income:													
- Recognition of funded status pension benefit plan									(20)	(20)	(20)		(20)
- Foreign currency translation adjustments							160			160	160		160
- Reclassifications into income							(2)			(2)	(2)		(2)
- Income tax on current period changes									1	1	1		1
Share-based compensation plans			12								12		12
Net proceeds from the issuance of common stock (IPO)	34,000	9	439								448		448
Issuance of additional shares	1,500												
Dividends paid to non-controlling interests												(2)	(2)
Changes in participations												(13)	(13)
Balance as of December 31, 2010	250,752	51	6,006	—	(5,609)	—	525	—	13	538	986	233	1,219
Net income (loss)					**390**						**390**	**46**	**436**
Components of other comprehensive income:													
- Recognition of funded status pension benefit plan									**9**	**9**	**9**		**9**
- Foreign currency translation adjustments						**(203)**	**(19)**			**(222)**	**(222)**		**(222)**
- Reclassifications into income							**(2)**		**2**	**—**	**—**		**—**
- Income tax on current period changes									**(2)**	**(2)**	**(2)**		**(2)**
Share-based compensation plans			**31**								**31**		**31**
Issuance of additional shares	**1,000**												
Treasury shares	**(5,689)**			**(57)**							**(57)**		**(57)**
Shares issued pursuant to stock awards	**1,774**		**10**								**10**		**10**
Dividends paid to non-controlling interests												**(67)**	**(67)**
Balance as of December 31, 2011	**247,837**	**51**	**6,047**	**(57)**	**(5,219)**	**(203)**	**504**	**—**	**22**	**323**	**1,145**	**212**	**1,357**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements of NXP Semiconductors N.V.
All amounts in millions of $ unless otherwise stated

1 Introduction

The consolidated financial statements include the accounts of NXP Semiconductors N.V. and its consolidated subsidiaries, including NXP B.V.

Treasury shares

In connection with the Company's share repurchase programs, announced on July 29 and August 17, 2011, shares which have been repurchased and are held in treasury for delivery upon exercise of options and under restricted share programs, are accounted for as a reduction of stockholders' equity. As at December 31, 2011, 3,915,144 shares were held in treasury under this program.

Reverse stock split

In connection with the IPO, the Company amended its Articles of Association on August 2, 2010 in order to effect a 1-for-20 reverse stock split of its shares of common stock. As a consequence, the number of shares outstanding on August 2, 2010 (4,305,030,000 shares) has been adjusted to 215,251,500 shares retrospectively to reflect the reverse stock-split in all periods presented. Basic and diluted weighted average shares outstanding and earnings per share have been adjusted retrospectively to reflect the reverse stock split in all periods presented. Also, the exercise price and the number of shares of common stock issuable under the Company's share based compensation plans were proportionately adjusted retrospectively to reflect the reverse stock split. In addition, authorized and issued share capital has been adjusted retrospectively to reflect the reverse stock split.

Conversion

In addition to the reverse stock split, the Company has also amended its Articles of Association in order to convert a certain percentage of previously authorized common stock to preferred stock. Including the shares issued upon the public offering in August 2010 and the subsequent issuance of shares of common stock under equity incentive plans in November 2010 and 2011, the stock capital of the Company as of December 31, 2011 consists of 1,076,257,500 authorized shares, including 430,503,000 authorized shares of common stock (of which 251,751,500 are issued and outstanding), as well as 645,754,500 authorized but unissued shares of preferred stock.

Accounting policies

The consolidated financial statements are prepared in accordance with generally accepted accounting principles in the United States (U.S. GAAP). Historical cost is used as the measurement basis unless otherwise indicated.

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.

Segment reporting

In compliance with ASC Topic 280 "Segment Reporting", the Company is structured in two market-oriented business segments: High Performance Mixed Signal and Standard Products, and one other reportable segment, Manufacturing Operations. Corporate and Other represents the remaining portion to reconcile to the consolidated financial statements along with the Divested Home activities.

Reclassifications

Certain items previously reported under specific financial statement captions have been reclassified to conform to the current period presentation. Reference is made to dividends paid to non-controlling interests, in prior periods in the cash flow statement, which have been reclassified from operating activities to financing activities to align with the guidance provided by ASC Topic 810 that classifies non-controlling interests within equity.

2 Significant accounting policies and new standards after 2011

Principles for consolidated financial statements

The consolidated financial statements include the accounts of the Company together with its consolidated subsidiaries 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.

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.

Business combinations are accounted for using the acquisition method. Under the acquisition method, the identifiable assets acquired, liabilities assumed and any non-controlling interest in the acquiree are recognized as at the acquisition date, which is the date on which control is transferred to the Company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

For acquisitions on or after January 1, 2010, the Company measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognized amount of any non-controlling interest in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Company incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognized at fair value at the acquisition date. The contingent consideration is remeasured at fair value and changes in the fair value of the contingent consideration are recognized in the statement of operations.

Fair value measurements

The Company utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Company determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

Investments in equity-accounted investees

Investments in companies in which the Company does not have the ability to directly or indirectly control the financial and operating decisions, but does possess the ability to exert significant influence, are accounted for using the equity method. Generally, in the absence of demonstrable proof of significant influence, it is presumed to exist if at least 20% of the voting stock is owned. 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.

The Company recognizes an impairment loss when an other-than-temporary decline in the value of an investment occurs.

When its share of losses exceeds the carrying amount of an investment accounted for by the equity method, the carrying amount of that investment is reduced to zero and recognition of further losses is discontinued unless the Company has guaranteed obligations of the investee or is otherwise committed to provide further financial support for the investee. Investments in equity-accounted investees include loans from the Company to these investees.

Accounting for capital transactions of a subsidiary or an equity-accounted investee

In accordance with ASC 810 “Consolidation” the Company recognizes dilution gains or losses related to changes in ownership of consolidated entities directly in equity. In case of loss of control of the subsidiary following such transaction the dilution gain or loss is recognized in the consolidated statement of operations. In accordance with ASC 323 “Investments—Equity Method and Joint Ventures”, any dilution gain or loss related to entities in which the Company has a non-controlling interest is recognized in the statement of operations.

Dilution gains or losses are presented in the consolidated statement of operations in the line item other income and expense upon loss of control of subsidiaries. Dilution gains and losses related to equity-accounted investees are presented in the line item results relating to equity-accounted investees.

Loss of control

Upon the loss of control, the Company derecognizes the assets and liabilities of the subsidiary, any non-controlling interest and the other components of equity related to the subsidiary. If the Company retains a non-controlling interest in the entity, such interest is measured at fair value at the date that control is lost. Subsequently, the non-controlling interest is accounted for as an equity-accounted investee or as an available-for-sale financial asset, depending on the level of influence retained by NXP.

Foreign currencies

The Company uses the U.S. dollar as its reporting currency. The functional currency of the Holding company is the euro. 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.

The effects of translating the financial position and results of operations from functional currencies are recognized in other comprehensive income and presented as a separate component of accumulated other comprehensive income (loss) within stockholder’s equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is recorded under non-controlling interests. When the Company’s ownership in a foreign operation is disposed of such that control, significant influence or joint control is lost, the related cumulative translation adjustments are recognized as income or expense as part of the gain or loss on the disposal. However, when the Company disposes only a part of its ownership interest in a foreign subsidiary while retaining control, the relevant proportion of the cumulative translation adjustments is reattributed to non-controlling interests. When the Company disposes of only part of its investment in a foreign equity-accounted investee, while retaining significant influence or joint control, the relevant proportion of the cumulative translation adjustments is recognized as income or expense as part of the gain or loss on the disposal. However, translation results from the Company’s functional currency (euro) into the Company’s reporting currency (U.S. dollar) will not be recycled to the statement of operations as long as there is the assumption that the proceeds from the sale will be reinvested.

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

	$ 1 per €			
	period end	average[1)]	high	low
2009	1.4402	1.3978	1.2683	1.4916
2010	1.3370	1.3326	1.2183	1.4402
2011	1.2938	1.3908	1.2938	1.4531

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

The functional currency of foreign entities is generally the local currency, unless the primary economic environment requires the use of another currency. When foreign entities conduct their business in economies considered to be highly inflationary, they record transactions in the Company’s reporting currency instead of their local currency. 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 and presented as a separate component of accumulated other comprehensive income (loss) within stockholders' equity. 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 principally in the management of its foreign currency risks.

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. Consequently, the application of cash flow hedge accounting seldom occurs.

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 probable that a forecasted transaction will not 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.

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. It also includes cash balances that cannot be freely repatriated. 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. As soon as trade accounts receivable can no longer be collected in the normal way and are expected to result in a loss, they are designated as doubtful trade accounts receivable and valued at the expected collectible amounts. They are written off when they are deemed to be uncollectible because of bankruptcy or other forms of receivership of the debtors.

The allowance for doubtful trade accounts receivable takes into account 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 comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The costs of conversion of inventories include direct labor and fixed and variable production overheads, taking into account the stage of completion. 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.

Other non-current financial assets

Other non-current financial assets include restricted liquid assets and guarantee deposits that are stated at face value which approximates fair value

Impairments of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Any impairment loss is charged to the statement of operations.

Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses. Assets constructed by the Company include direct costs, overheads and interest charges incurred during the construction period. Government investment grants are deducted from the cost of the related asset. 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. Costs related to repair and maintenance activities are expensed in the period in which they are incurred. 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.

The Company recognizes the fair value of an asset retirement obligation in the period in which it is incurred based on discounted projected cash flows in the absence of other observable inputs such as quoted prices, while an equal amount is capitalized as part of the carrying amount of the long-lived asset and subsequently depreciated over the estimated useful life of the asset.

Leases

The Company leases various office space and equipment. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized in the statement of operations on a straight-line basis over the term of the lease.

Leases in which the Company has substantially all the risk and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease’s commencement at the lower of the fair value of the leased property or the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the statement of operations over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the lease obligation for each period. The lease obligations are included in other current and other non-current liabilities. The property, plant and equipment acquired under finance leases are depreciated using the straight-line method over the shorter of the estimated useful life of the assets or the lease term.

Goodwill

The Company accounts for goodwill in accordance with the provisions of ASC 350 " Intangibles —Goodwill and Other". Accordingly, goodwill is not amortized but tested for impairment annually in the fourth quarter or more frequently if events and circumstances indicate that goodwill may be impaired.

An impairment loss is recognized to the extent that the carrying amount of goodwill exceeds the asset's implied fair value. This determination is made at the business operating segment level, which is for the Company the reporting unit level in accordance with ASC 350, and consists of two steps. First, the Company determines the carrying value of each reporting unit by assigning the assets and liabilities, including the goodwill and intangible assets, to the reporting units. Furthermore, the Company determines the fair value of each reporting unit and compares it to the carrying amount of the reporting unit. If the carrying amount of a reporting unit exceeds the fair value of the reporting unit, the Company performs the second step of the impairment test. In the second step, the Company compares the implied fair value of the reporting unit's goodwill with the carrying amount of the reporting unit's goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting unit to all of the assets (recognized and unrecognized) and liabilities of the reporting unit in a manner similar to acquisition accounting in a business combination. The residual fair value after this allocation is the implied fair value of the reporting unit's goodwill. The Company generally determines the fair value of the reporting units based on discounted projected cash flows in the absence of other observable inputs such as quoted prices.

Intangible assets

Intangible assets (other than goodwill) with definitive lives arising from acquisitions are amortized using the straight-line method over their estimated useful lives. Remaining useful lives are evaluated every year to determine whether events and circumstances warrant a revision to the remaining period of amortization. The Company considers renewal and extension options in determining the useful life. However, based on experience the Company concluded that these assets have no extension or renewal possibilities. In-process research and development ("IPR&D") projects acquired as part of a business combination with no alternative use are capitalized and indefinitely lived until completion or abandonment of the associated R&D efforts in accordance with ASC 350 "Intangibles —Goodwill and Other". Upon completion of each project, IPR&D assets are amortized over their estimated useful lives. During development IPR&D, assets are not amortized but tested annually for impairment. There are currently no intangible assets with indefinite lives. Patents, trademarks and other intangible assets acquired from third parties are capitalized at cost and amortized over their estimated remaining useful lives.

Certain costs relating to the development and purchase of software for internal use are capitalized and subsequently amortized over the estimated useful life of the software in conformity with ASC 350.

Impairment or disposal of intangible assets other than goodwill and tangible fixed assets

The Company accounts for intangible assets other than goodwill and tangible fixed assets in accordance with the provisions of ASC 360 "Property, Plant and Equipment". Long-lived assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset or asset group may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset with future undiscounted net cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. The Company determines the fair value based on discounted projected cash flows. The review for impairment is carried out at the level where discrete cash flows occur that are largely independent of other cash flows in the absence of other observable inputs such as quoted prices. For the Manufacturing Operations segment, the review of impairment of long-lived assets is carried out on a Company-wide basis, as Manufacturing Operations is the shared manufacturing base for the other business segments with, for this purpose, no discrete cash flows that are largely independent of other cash flows. Assets held for sale are reported at the lower of the carrying amount or fair value, less cost to sell.

Non-current assets held for sale and disposal groups

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. For this to be the case the asset (or disposal group) must be available for immediate sale in its present condition and the sale must be highly probable.

Non-current assets (or disposal groups) classified as held for sale are measured at the lower of the asset's carrying amount and the fair value less costs to sell. The Company determines the fair value based on discounted projected cash flows in the absence of other observable inputs such as quoted prices. Depreciation or amortization of an asset ceases when it is classified as held for sale, or included within a disposal group that is classified as held for sale.

Discontinued operations

A discontinued operation is a component of the Company that either has been disposed of, or that is classified as held for sale, and: (i) represents a separate major line of business or geographical area of operations that can be clearly distinguished from the rest of the Company in terms of operations and cash flows or (ii) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations. Generally, a major line of business is a segment or business unit. Discontinued operations are carried at the lower of carrying amount or fair value less cost to sell. The Company determines the fair value based on discounted projected cash flows in the absence of other observable inputs such as quoted prices. Results from discontinued operations until the date of disposal are presented separately as a single amount in the consolidated statements of operations together with any gain or loss from disposal. Results from discontinued operations are reclassified for all periods presented and reflected as income (loss) from discontinued operations, net of tax, within the consolidated statements of operations.

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.

Provisions and accruals

The Company recognizes provisions for liabilities and probable losses that have been incurred as of the consolidated balance sheet dates and for which the amount is uncertain but can be reasonably estimated.

Provisions of a long-term nature are stated at present value when the amount and timing of related cash payments are fixed or reliably determinable unless discounting is prohibited under U.S. GAAP. Short-term provisions are stated at undiscounted values.

The Company accrues for losses associated with environmental obligations when such losses are probable and reasonably estimable. Measurement of liabilities is based on current legal requirements and existing technology. Liabilities and virtually certain insurance recoveries, if any, are recorded separately. The carrying amount of liabilities is regularly reviewed and adjusted for new facts or changes in law or technology.

Restructuring

The provision for restructuring relates to the estimated costs of initiated reorganizations that have been approved by Management, and which involve the realignment of certain parts of the industrial and commercial organization.

When such reorganizations require discontinuance and/or closure of lines of activities, the anticipated costs of closure or discontinuance are included in restructuring provisions only when the liability is incurred in accordance with ASC 420 “Exit or Disposal Cost Obligations”. The liability is initially measured at fair value. The Company determines the fair value based on discounted projected cash flows in the absence of other observable inputs such as quoted prices.

One-time employee termination benefits are recognized, in accordance with ASC 420, 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 in accordance with ASC 712 “Compensation—Nonretirement Postemployment Benefits” when it is probable that the employees will be entitled to the benefits and the amounts can be reasonably estimated.

Guarantees

The Company complies with ASC 460 “Guarantees”. The Company recognizes, at the inception of a guarantee, a liability at the fair value of the obligation incurred, for guarantees within the scope of the recognition criteria. The Company determines the fair value based on either quoted prices for similar guarantees or discounted projected cash flows, whichever is available.

Debt and other liabilities

Debt and other liabilities, other than provisions, are stated at amortized cost. Debt issue costs are not expensed immediately but are reported as deferred charges and subsequently amortized over the term of the debt using the effective interest rate method. Unless the exchange would meet the criteria for troubled debt restructuring, debt that has been exchanged for other debt is initially measured at fair value in accordance with the provisions of ASC 470 “Debt”. Any gain or loss resulting from the exchange and adjusted for the unamortized portion of debt issue costs for the exchanged debt is immediately recognized and recorded within financial income (expense). The Company determines the fair value based on quoted prices for the instruments or quoted prices for similar instruments. In the rare cases that such observable inputs are not available the Company determines the fair value based on discounted projected cash flows.

Loans that are hedged under a fair value hedge are remeasured for the changes in the fair value that are attributable to the risk that is being hedged.

Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the other components of the Company. All operating segments’ operating results are reviewed regularly by the Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and to assess its performance and for which discrete financial information is available.

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. Unallocated items comprise mainly corporate assets, head office expenses and deferred income tax assets and liabilities.

In compliance with ASC 280 “Segment Reporting”, NXP’s reportable operating segments comprise High Performance Mixed Signal, Standard Products, and Manufacturing Operations.

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, adjusted for treasury shares held.

Diluted earnings per share attributable to stockholders is determined by dividing net income or loss attributable to stockholders of the Company by the weighted average number of common shares outstanding, adjusted for treasury shares held, for the effects of all potentially dilutive common shares, which comprise share options and equity rights granted to employees.

Revenue recognition

The Company’s revenue is primarily derived from made-to-order sales to Original Equipment Manufacturers (“OEMs”) and similar customers. The Company’s revenue is also derived from sales to distributors.

The Company applies the guidance in SEC Staff Accounting Bulletin (SAB) Topic 13 ‘Revenue Recognition’ and recognizes revenue 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. Examples of delivery conditions typically meeting these criteria are ‘Free on board point of delivery’ and ‘Costs, insurance paid point of delivery’. Generally, the point of delivery is the customer’s warehouse. 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, 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 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. Long notice periods associated with these announcements prevent significant amounts of product from being returned, however. Repurchase agreements with OEMs or distributors are not entered into by the Company.

For sales where return rights exist, the Company has determined, based on historical data, that only a very small percentage of the sales to this type of distributors is actually returned. In accordance with these 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. Shipping and handling costs billed to customers are recognized as revenue. Expenses incurred for shipping and handling costs of internal movements of goods are recorded as cost of revenue. Shipping and handling costs related to revenue to third parties are reported as selling expenses.

Royalty income, which is generally earned based upon a percentage of revenue or a fixed amount per product sold, is recognized on an accrual basis. Royalty income, other license income or other income related to R&D arrangements and that is received in the form of non-refundable upfront payments is recognized as revenue pro rata over the term of the contract unless a separate earnings process has been completed. Income from the sale of patents is also reported as revenue. The carrying value of the sold patents is reported as cost of sales. Government grants, other than those relating to purchases of assets, are recognized as income as qualified expenditures are made. Software revenue is recognized in accordance with ASC 985 "Software Revenue Recognition" when the 4 criteria of SAB Topic 13 are met.

Income from the sale of tangible fixed assets is reported as other income. The carrying value of these sold assets is reported as other expense at the time of the sale.

Financial income and expense

Financial income comprises interest income on funds invested and the net gain on the disposal of available-for-sale securities and other financial assets.

Financial expense comprise interest expense on borrowings, accretion of the discount on provisions and contingent consideration, losses on disposal of available-for-sale financial assets, impairment losses recognized on financial assets (other than trade receivables) and losses on hedging instruments recognized in the statement of operations.

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.

Foreign currency gains and losses, not related to accounts receivable, accounts payable and intercompany current accounts, are reported on a net basis as either financial income or financial expense in the statement of operations depending on whether foreign currency movements are in a net gain or net loss position. Foreign currency gains and losses on accounts receivable, accounts payable and intercompany current accounts that are not hedged in a net investment hedge are reported under cost of revenue in the statement of operations.

Income taxes

Income taxes in the consolidated financial statements are accounted for using the asset and liability method. Income tax is recognized in the statement of operations except to the extent that it relates to an item that is initially recognized directly within equity, including other comprehensive income (loss), in which case the related tax effect is also recognized there.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Income tax payable includes amounts payable to tax authorities. 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. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the consolidated statements of operations in the period that includes the enactment date of the change. Deferred tax assets, including assets arising from loss carryforwards, are recognized, net of a valuation allowance, if it is more likely than not that the asset or a portion thereof will be realized. Deferred tax assets and liabilities are not discounted. Deferred tax liabilities for withholding taxes are recognized for subsidiaries in situations where the income is to be paid out as dividends in the foreseeable future, to the extent that these withholding taxes are not expected to be refundable and deductible.

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, based on the technical merits of the position. The

income tax benefit recognized in the financial statements from such position is measured based on the largest benefit that is more than 50% likely to be realized upon settlement with a taxing authority that has full knowledge of all relevant information. The liability for unrecognized tax benefits including related interest and penalties is recorded under provisions in the balance sheet as current or non-current 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.

Benefit accounting

The Company accounts for the cost of pension plans and postretirement benefits other than pensions in accordance with ASC 715 “Compensation-Retirement 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 have been recognized within the consolidated financial statements 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 pension liability or asset recognized in the balance sheet in respect of defined benefit pension plans is the present value of the projected defined-benefit obligation less the fair value of plan assets at the balance sheet date.

Most of our plans result in a pension provision (no assets for the plan) or a net pension liability.

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.

Pension costs in respect of defined-benefit pension plans primarily represent the increase in the actuarial present value of the obligation for pension 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.

Unrecognized prior-service costs related to pension plans and postretirement benefits other than pensions are amortized to the statements of operations over the average remaining service period of the active employees.

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

In accordance with the requirements of ASC 715, if the projected benefit obligation exceeds the fair value of plan assets, we recognize in the consolidated balance sheet a liability that equals the excess. If the fair value of plan assets exceeds the projected benefit obligation, we recognize in the balance sheet an asset that equals the excess.

The Company determines the fair value based on quoted prices for the plan assets 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 pursuant to ASC 715. 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 pursuant to the recognition provisions of ASC 715.

For all of the Company’s defined pension benefit plans, the measurement date is year-end.

Share-based compensation

Share-based payment plans were first introduced by NXP Semiconductors N.V. for NXP employees in 2007 and new plans were introduced after NXP Semiconductors' initial public offering of common shares in the United States in 2010. All plans are accounted for in accordance with the provisions of ASC 718 "Compensation—Stock Compensation" at the estimated fair value of the equity instruments measured at the grant date. For the grants issued up to August 2010 under the 2007 plans, the Company used a binomial option-pricing model to determine the estimated fair value of the options and determined the fair value of the equity rights on the basis of the estimated fair value of the Company, using a discounted cash flow technique. For grants issued since August 2010 the Company uses the Black-Scholes-Merton method. The estimated fair value of the equity instruments is recognized as compensation expense over the vesting period on a straight-line basis taking into account estimated forfeitures.

The share-based compensation plans that the Company's employees participate in contain contingent cash settlement features upon an exit or change in control in combination with a termination of employment. The Company has concluded that the likelihood of these events occurring is remote and therefore not probable. Also, upon death or disablement the Company may offer cash settlement, but the employee or his dependents must consent. Therefore, the Company has concluded that the requirement in ASC 718 that share options and restricted shares that have contingent cash settlement features that are outside the control of the employee, such as a change in control or the death or disability of an employee, to be accounted for as liabilities rather than equity if the contingent event is probable of occurring, is not applicable to the Company. However, if it is determined that vested share-based payment rights will become cash settled such instruments will be recorded as liabilities at fair value at the date of such event.

During 2009, NXP Semiconductors N.V. executed an option exchange program for options granted in 2007, 2008 and 2009 which were estimated to be deeply out of the money. Under this option exchange program, options with new exercise prices, different volumes and—in certain cases—revised vesting schedules were granted to eligible individuals, in exchange for their owned options. By accepting the new options, all options (vested and unvested) owned by the eligible individuals were cancelled. As of May 2009 until August 2010, options were granted to eligible individuals under the revised stock option program. In accordance with the provisions of ASC 718 the unrecognized portion of the compensation costs of the cancelled options continues to be recognized over their remaining requisite vesting period. For the replacement options the compensation costs are determined as the difference between the fair value of the cancelled options immediately before the grant date of the replacement option and the fair value of these replacement options at the grant date. This compensation cost will be recognized in accordance with the vesting schedule over the remaining vesting period. Since November 2010, following NXP Semiconductors N.V. becoming a listed company, new option programs and share programs were launched in addition to the option program and equity rights program launched before November 2010.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a deduction from stockholder's equity, net of any tax effects.

When NXP buys its own shares, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognized as a deduction from stockholder's equity under treasury stock. Any gain on the subsequent sale or reissuance of treasury stock is recognized directly in stockholder's equity on the line item capital in excess of par value. Losses are also recognized in that line item in as far as gains from previous sales are included therein. Otherwise, losses are charged to retained earnings/accumulated deficit.

Cash flow statements

Cash flow statements have been prepared using the indirect method. Cash flows in foreign currencies have been translated into U.S. dollar using the weighted average rates of exchange for the periods involved.

Cash flows from derivative instruments that are accounted for as fair value hedges or cash flow hedges are classified in the same category as the cash flows from the hedged items. Cash flows from other derivative instruments are classified consistent with the nature of the instrument.

Concentration of risk

The Company's revenue is for a large part dependent on a limited number of customers, none of which individually exceeds 10% of total revenue. Furthermore, the Company is using outside suppliers or foundries for a portion of its manufacturing capacity.

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 2011

The following accounting pronouncements that are relevant to the Company became effective in 2011 and were adopted by the Company.

- **Accounting Standards Update No. 2009-13 "Revenue Recognition (ASC 605). Multiple-Deliverable Revenue Arrangements; a consensus of the FASB Emerging Issues Task Force"**

  ASU 2009-13, issued in October 2009, changes the guidance regarding revenue recognition for multiple-element arrangement and relaxes some of the earlier requirements. Since NXP is not typically involved in these types of arrangements the impact is insignificant. The new guidance became effective prospectively for the Company for arrangements entered into or materially modified beginning January 1, 2011.

- **ASU No. 2010-17 "Revenue Recognition-Milestone Method (ASC 605). A consensus of the FASB Emerging Issues Task Force"**

  The ASU specifically affects vendors that provide research or development deliverables in arrangements in which one or more payments are contingent upon achieving uncertain future events or circumstances.
  Although NXP is involved in these types of arrangements, the revenue from these arrangements is not material. Therefore this ASU is not expected to have a significant effect on the Company's financial statements. The ASU became effective for NXP as of July, 2010.

- **ASU No. 2009-14 "Software. Certain Revenue Arrangements That Include Software Elements"**

  This update is effective for the Company beginning January 1, 2011. The Company adopted the accounting guidance as of its effective date. The ASU has no significant effect on the financial statements.

- **ASU No. 2010-28 "Intangibles-Goodwill and Other (Topic 350). When to perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts, a consensus of the FASB Emerging Issues Task Force"**

  The ASU became effective for NXP on January 1, 2011 but has no retroactive effects. On a prospective basis, if a reporting unit of NXP (a segment) has a zero or negative carrying value, we should consider factors that would otherwise indicate a possible impairment situation. The Company adopted the accounting guidance as of its effective date.

- **ASU No. 2010-29 "Business Combinations (Topic 805). Disclosure of Supplementary Pro Forma Information for Business Combinations, a consensus of the FASB Emerging Issues Task Force"**

  The amendments became effective prospectively for NXP on January 1, 2011 but have no immediate effect.

- **ASU No. 2011-09 "Compensation – Retirement Benefits – Multiemployer Plans (Subtopic 715-80). Disclosures about an Employer's Participation in a Multiemployer Plan"**

  On September 21, 2011 the FASB issued ASU 2011-09. This update requires that employers provide additional separate disclosures for multiemployer pension plans and multiemployer other postretirement benefit plans.

  The current recognition and measurement guidance for an employer's participation in a multiemployer plan is unchanged by these amendments. For NXP this ASU became effective in 2011 and is to be applied retrospectively. The number of significant multiemployer plans is limited to one plan in the Netherlands for which we have disclosed the publicly available quantitative information.

New standards to be adopted after 2011

The FASB issued several pronouncements, of which the following are to various degrees of relevance to the Company and which were not yet effective in 2011.

- **ASU No. 2011-04 "Fair Value Measurement (Topic 820). Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs"**
  In May 2011 the FASB issued ASU 2011-04, which provides guidance about fair value measurements and related disclosures.
  The new guidance changes some fair value measurement principles and disclosure requirements. The key changes to U.S. GAAP that could potentially impact NXP are:
  - The new guidance states that the concepts of highest and best use and valuation premise are only relevant when measuring the fair value of non-financial assets (that is, it does not apply to financial assets or any liabilities).

- The new guidance extends the prohibition on using a blockage factor to all fair value measurements. Premiums or discounts related to size as a characteristic of the entity's holding (that is, a blockage factor) instead of as a characteristic of the asset or liability (for example, a control premium), are not permitted.
- The new guidance does not apply to instruments issued as share-based compensation.
- The most significant change in disclosures requires for recurring Level 3 fair value measurements, to disclose quantitative information about unobservable inputs used, a description of the valuation processes used by the entity, and a qualitative discussion about the sensitivity of the measurements. New disclosures are required about the level in the fair value hierarchy of assets and liabilities not recorded at fair value but where fair value is disclosed.
- The ASU becomes effective for NXP as from January 1, 2012. It is not expected to have a significant impact on the Company's fair value measurements. The disclosure requirements will result in more extensive disclosures about valuation processes and sensitivity analysis.

- **ASU No. 2011-05 "Comprehensive Income (Topic 220). Presentation of Comprehensive Income" and ASU No. 2011-12 "Comprehensive Income (Topic 220). Deferral of the Effective date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05"**

  ASU 2011-05 requires presenting comprehensive income either in one single statement of comprehensive income or in 2 consecutive statements. The latter is currently the presentation manner of NXP.

  The FASB issued ASU 2011-12 in December 2011, which deferred certain requirements of ASU No. 2011-05. These amendments are being made to allow the FASB time to re-deliberate whether to present on the face of the financial statements the effects of reclassifications out of accumulated other comprehensive income on the components of net income for all periods presented. The new guidance is to be applied retrospectively.
  ASU 2011-05 does not provide new requirements for the components of other comprehensive income or other accounting-related matters. The ASUs become effective for NXP beginning January 1, 2012.

- **ASU No. 2011-08 "Intangibles – Goodwill and Other (Topic 350). Testing Goodwill for Impairment"**

  Under the amendments in this Update, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. However, if an entity concludes otherwise, then it is required to perform the first step of the two-step impairment test by calculating the fair value of the reporting unit and comparing the fair value with the carrying amount of the reporting unit. The update becomes effective for NXP on January 1, 2012 but is not expected to have a significant impact.

- **ASU No. 2011-11 "Balance Sheet (Topic 210). Disclosures about Offsetting Assets and Liabilities"**

  ASU 2011-11 was issued by the FASB in December 2011 with an effective date for NXP of January 1, 2013 and requiring retrospective application to prior periods reported in the filings.
  The ASU primarily requires more extensive disclosures about financial assets and financial liabilities that have been offset in the statement of financial position or that were allowed to be offset but for which the Company made an accounting policy choice not to offset. The disclosures are either by type of financial asset and financial liability or by counterparty. The offsetting conditions were not changed by the ASU. The Company is in the process of evaluating the impact of adopting ASU No. 2011-11 on its disclosures.

3 Discontinued operations

On July 4, 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment) to Knowles Electronics, LLC ("Knowles Electronics"), an affiliate of Dover Corporation for $855 million in cash. The transaction resulted in a gain of $414 million, net of post-closing settlements, transaction-related costs, including working capital settlements, cash divested and taxes, which is included in income from discontinued operations. In relation to the other costs of this disposal, liabilities are included in the accrued liabilities and provisions for continuing operations. Cash payments related to these liabilities will be reported as cash flows from discontinued operations. The consolidated financial statements have been reclassified for all periods presented to reflect the Sound Solutions business as a discontinued operation.

The following table summarizes the results of the Sound Solutions business included in the consolidated statements of income as discontinued operations for 2009, 2010 and 2011 (for the period up to divestment on July 4, 2011):

	2009	2010	2011
Revenue	324	354	**140**
Costs and expenses	(285)	(283)	**(116)**
Income attributable to discontinued operations	39	71	**24**
Provision for income taxes	(7)	(12)	**(4)**
Income attributable to discontinued operations, net of taxes, before disposal	32	59	**20**
Gain on disposal of discontinued operations (net of taxes)	—	—	**414**
Income from discontinued operations after disposal	32	59	**434**

The following table shows the components of the gain on the disposal of our Sound Solution business, net of taxes, as included in income attributable to discontinued operations:

	2011
Consideration gross	**855**
Transaction-related costs, incl. working capital settlements	**(31)**
Cash divested	**(8)**
Consideration net	**816**
Carrying value of net assets disposed	**(329)**
Other costs of disposal	**(69)**
Gain on disposal before taxes	**418**
Provision for income taxes	**(4)**
Gain on disposal net of taxes	**414**

Following the disposal of our Sound Solutions business, the Company recorded conditional liabilities, mainly for prepaid R&D services amounting to $17 million and $45 million for earn-out arrangements, depending on the achievement of 2011 milestones related to certain financial performance parameters.

The following table presents the assets and liabilities held for sale of the Sound Solutions business, classified as discontinued operations, in the consolidated balance sheet as at December 31, 2010:

	2010
Cash and cash equivalents	10
Amounts receivables	78
Inventories	19
Other current assets	3
Total current assets	110
Property, plant and equipment	27
Intangible assets excluding goodwill	53
Goodwill	178
Other non-current assets	8
Total non-current assets	266
Total assets of discontinued operations	376
Accounts payable	30
Short-term provisions	1
Accrued liabilities	28
Other current liabilities	1
Total current liabilities	60
Long-term provisions	20
Total non-current liabilities	20
Total liabilities of discontinued operations	80

4 Information by segment and main country

NXP is organized into three reportable segments in compliance with ASC 280 “Segment Reporting”.

NXP has two market-oriented business segments, High Performance Mixed Signal (“HPMS”) and Standard Products (“SP,”) and one other reportable segment, Manufacturing Operations. Items under Corporate and Other in this annual report represent the remaining portion of our former Corporate and Other segment to reconcile to the consolidated financial statements along with the Divested Home activities, which were divested in 2010.

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.

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.

Our manufacturing operations are conducted 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, which together form our Manufacturing Operations segment. While the main function of our Manufacturing Operations segment is to supply products to our HPMS and SP segments, revenue and costs in this segment are to a large extent derived from revenue of wafer foundry and packaging services to our divested businesses in order to support their separation and, on a limited basis, their ongoing operations. As these divested businesses develop or acquire their own foundry and packaging capabilities, our revenue from these sources declines.

Corporate and Other includes unallocated research expenses not related to any specific business segment, corporate restructuring charges and other expenses, as well as operations not included in our two business segments, such as manufacturing, marketing and selling of can tuners through our joint venture NuTune Singapore Pte. Ltd. (“NuTune”), which was sold on December 14, 2010 and software solutions for mobile phones “NXP Software” business. Revenue recorded in Corporate and Other is primarily generated from the NXP Software business.

On February 8, 2010, our wholly-owned subsidiary, NXP B.V., divested a major portion of our former Home segment to Trident Microsystems, Inc. (“Trident”). For the periods up to divestment on February 8, 2010, the results of the divested operations are presented in our consolidated accounts separately under “Divested Home Activities”. The continuing business of the former Home segment not divested has been regrouped into High Performance Mixed Signal and Corporate and Other. All previous periods have been restated accordingly.

Detailed information by segment for the years 2011, 2010 and 2009 is presented in the following tables.

Segments	Revenue	Research and development expenses	Operating income (loss)	Operating income (loss) as a % of revenue	Results relating to equity-accounted investees
2011					
HPMS	**2,906**	**554**	**339**	**11.7**	**—**
SP	**925**	**37**	**141**	**15.2**	**—**
Manufacturing Operations [1]	**316**	**—**	**(60)**	**(19.0)**	**—**
Corporate and Other [2]	**47**	**44**	**(63)**	**N.M.**	**(77)**
	4,194	**635**	**357**	**8.5**	**(77)**
2010					
HPMS	2,846	454	387	13.6	—
SP	848	32	91	10.7	—
Manufacturing Operations [1]	525	18	(57)	(10.9)	—
Corporate and Other [2]	136	48	(117)	N.M.	(86)
Divested Home activities	47	16	(31)	(66.0)	—
	4,402	568	273	6.2	(86)
2009					
HPMS	2,011	413	(187)	(9.3)	(2)
SP	567	35	(120)	(21.2)	—
Manufacturing Operations [1]	324	12	(175)	(54.0)	—
Corporate and Other [2]	165	65	(188)	N.M.	76
Divested Home activities	452	239	(261)	(57.7)	—
	3,519	764	(931)	(26.5)	74

[1] For the year ended December 31, 2011 Manufacturing Operations supplied $1,127 million (2010: 1,235 million; 2009: $1,087 million) to other segments, which have been eliminated in the consolidated results.

[2] Corporate and Other is not a segment under ASC “Segment Reporting”.

N.M. Not meaningful

Certain assets of the Company have been 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 by segment has been omitted. Instead, inventories per segments are included.

Segments	Inventories	Long-lived[1] assets	Total liabilities excl. debt	Gross capital expenditures property, plant and equipment	Depreciation property, plant and equipment[2]
2011					
HPMS	**340**	**2,390**	**258**	**14**	**13**
SP	**161**	**760**	**152**	**17**	**41**
Manufacturing Operations	**117**	**1,014**	**489**	**162**	**179**
Corporate and Other [3]	**—**	**301**	**557**	**28**	**57**
	618	**4,465**	**1,456**	**221**	**290**
2010					
HPMS	240	2,670	313	15	13
SP	136	828	127	15	35
Manufacturing Operations	137	1,055	748	209	220
Corporate and Other [3]	—	396	599	19	91
Divested Home activities	—	—	—	—	—
	513	4,949	1,787	258	359
Discontinued operations			80		
			1,867		
2009					
HPMS	249	3,023	225	15	34
SP	91	973	121	18	49
Manufacturing Operations	181	1,156	920	49	321
Corporate and Other [3]	1	454	893	9	81
Divested Home activities	—	—	2	1	—
	522	5,606	2,161	92	485
Discontinued operations			94		
			2,255		

(1) Long-lived assets include property, plant and equipment, goodwill and other intangible fixed assets.
(2) Excluding additional write down of property classified as held for sale (2010: $30 million).
(3) Corporate and Other is not a segment under ASC “Segment Reporting”.

Goodwill assigned to segments	Cost at January 1, 2011	Acquisitions	Divestments	Translation differences and other changes	Cost at December 31, 2011
HPMS	**1,778**	**—**	**—**	**7**	**1,785**
SP	**315**	**—**	**—**	**(10)**	**305**
Manufacturing Operations	**326**	**—**	**—**	**(10)**	**316**
Corporate and Other [1]	**110**	**—**	**—**	**(62)**	**48**
	2,529	**—**	**—**	**(75)**	**2,454**

	Accumulated impairment at January 1, 2011	Divestments	Impairment	Translation differences and other changes	Accumulated impairment at December 31, 2011
HPMS	**(142)**	**—**	**—**	**(33)**	**(175)**
SP	**—**	**—**	**—**	**—**	**—**
Manufacturing Operations	**—**	**—**	**—**	**—**	**—**
Corporate and Other [1]	**(88)**	**—**	**—**	**40**	**(48)**
	(230)	**—**	**—**	**7**	**(223)**

[1] Corporate and Other is not a segment under ASC “Segment Reporting”.

Main countries	Total revenue	Property, plant and equipment*)	Gross capital expenditures property, plant and equipment	Depreciation property, plant and equipment*)
2011				
China	**1,514**	**120**	**40**	**32**
Netherlands	**123**	**187**	**23**	**60**
Taiwan	**80**	**70**	**18**	**25**
United States	**329**	**9**	**2**	**3**
Singapore	**383**	**229**	**64**	**45**
Germany	**508**	**96**	**17**	**41**
South Korea	**216**	**—**	**—**	**—**
Other countries	**1,041**	**352**	**57**	**84**
	4,194	**1,063**	**221**	**290**
2010				
China	1,496	112	33	31
Netherlands	126	232	12	98
Taiwan	115	81	29	25
United States	337	34	4	6
Singapore	480	210	62	53
Germany	434	109	19	30
South Korea	202	—	—	—
Other countries	1,212	386	99	116
	4,402	1,164	258	359
2009				
China	1,106	113	7	34
Netherlands	108	345	21	76
Taiwan	120	71	5	20
United States	261	41	1	90
Singapore	411	204	9	84
Germany	303	166	18	76
South Korea	182	—	—	—
Other countries	1,028	388	31	105
	3,519	1,328	92	485

*) Information by country has been reclassified for all periods presented to reflect the removal of complexities associated with step-ups from acquisition accounting.

5 Acquisitions and divestments

2011

On July 4, 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment) to Knowles Electronics, LLC (“Knowles Electronics”), an affiliate of Dover Corporation for $855 million in cash. The transaction resulted in a gain of $414 million, net of post-closing settlements, transaction-related costs, including working capital settlements, cash divested and taxes, which is included in income from discontinued operations. In relation to the other costs of this disposal, liabilities are included in the accrued liabilities and provisions for continuing operations. Cash payments related to these liabilities will be reported as cash flows from discontinued operations. The consolidated financial statements have been reclassified for all periods presented to reflect the Sound Solutions business as a discontinued operation.

2010

On December 14, 2010, we sold our joint venture (55% shareholding) NuTune, formed in June 2008 with Technicolor, to combine NXP’s and Technicolor’s can tuner module operations, to affiliates of AIAC (American Industrial Acquisition Corporation). As a consequence, these divested operations (formerly included in Corporate and Other) were deconsolidated in our consolidated balance sheet as at December 31, 2010. The results of the divested business until the date of transaction, December 14, 2010, remain included in our consolidated statements of operations and cash flows for all previous years presented under Corporate and Other.

In September 2010 we sold all of the Virage Logic’s shares we held.

On July 26, 2010, we acquired 100% ownership of Jennic Ltd., a leading developer of low power RF solutions for wireless applications in smart energy, environment, logistics and consumer markets, for a consideration of approximately $8 million plus up to $8 million in additional contingent consideration over the next two years. In 2011, no additional payments were made and the additional contingent consideration has been canceled. As from the acquisition date it is consolidated within the segment HPMS.

On February 8, 2010, the Company sold its digital television and set-top-box business to Trident Microsystems, Inc., at that time publicly listed on the NASDAQ in the United States. As of December 31, 2009, NXP had reclassified the assets and liabilities associated with this business as assets and liabilities held-for-sale on its consolidated balance sheet. These assets and liabilities held-for-sale were measured at fair value less cost to sell and resulted in an impairment loss of $69 million recorded in 2009 (see note 14 “Assets and liabilities held-for-sale” for additional information).

The above transaction consisted of the sale of our television systems and set-top-box business lines, together with an additional net payment of $54 million (of which $7 million was paid subsequent to the closing date) to Trident, for a 60% shareholding in Trident valued at $177 million, based on the quoted market price at the transaction date and included in our balance sheet as “Investments in equity accounted investees”. The transaction resulted in a net loss of $26 million and is reported under other income (expense) in 2010.

After the acquisition, our shareholding was diluted as a result of Trident’s issuance of share capital. At December 31, 2011, we own 57% of the outstanding stock of Trident, with a 30% voting interest in participatory rights and a 57% voting interest for certain protective rights only. Considering the terms and conditions agreed to between the parties, we account for our investment in Trident under the equity method. On January 4, 2012, Trident filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code and was subsequently delisted from the NASDAQ.

As a result of retaining the 57% interest in Trident this transaction did not result in reporting the asset group as discontinued operations.

2009

On November 16, 2009, we completed our strategic alliance with Virage Logic Corporation (“Virage Logic”) and obtained approximately 9.8% of Virage Logic’s outstanding common stock. This transaction included the transfer of our Advanced CMOS Semiconductor Horizontal IP Technology and Development Team in exchange for the rights to use Virage’s IP and services. Virage Logic is a leading provider of both functional and physical semiconductor intellectual property (IP) for the design of complex integrated circuits. Shares of Virage Logic are listed on the NASDAQ Global Market in the United States.

In 2009 no acquisition transactions occurred.

6 Operating income (loss)

For information related to revenue and operating income on a business and geographical basis, see note 4, “Information by segment and main country”, of this Annual Report.

Revenue composition

	2009	2010	2011
Goods	3,513	4,392	**4,170**
Patents and licenses	6	10	**24**
	3,519	4,402	**4,194**

Salaries and wages

	2009	2010	2011
Salaries and wages	1,276	1,084	**1,139**
Pension and other postemployment costs	78	84	**91**
Other social security and similar charges:			
- Required by law	138	115	**117**
- Voluntary	13	11	**10**
	1,505	1,294	**1,357**

Salaries and wages in 2011 include $66 million (2010: $5 million; 2009: $101 million) relating to restructuring charges. Pension and other postemployment costs include the costs of pension benefits, other postretirement benefits, and postemployment benefits.

Depreciation, amortization and impairment

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

	2009	2010	2011
Depreciation of property, plant and equipment	485	359	**290**
Write-down of assets held for sale	5	30	**—**
Amortization of internal use software	26	14	**10**
Amortization of other intangible assets	302	281	**291**
Impairment of assets held for sale	69	—	**—**
	887	684	**591**

Depreciation of property, plant and equipment in 2011 includes an additional write-off in connection with the retirement of property, plant and equipment amounting to $1 million (2010: $7 million; 2009: $25 million). Depreciation of property, plant and equipment resulting from the acquisition accounting amounting to $10 million (2010: $21 million; 2009: $69 million) is also included. Furthermore, depreciation of property, plant and equipment in 2011 includes $6 million relating to write-downs and impairment charges (2010: $21 million; 2009: $67 million). The 2010 write-downs related to additional depreciation of our ICN5 and ICN6 wafer fabs in Nijmegen, the Netherlands.

In 2010 a write-down of $30 million (2009: $5 million) for real estate and other property has been recognized as a result of classifying certain tangible fixed assets as held-for-sale, following the effects of the Redesign Program upon which a number of activities were closed or are in the process of being closed. See note 14, “Assets and liabilities held-for-sale” for additional information.

In 2009 impairment charges for assets held for sale ($69 million) are related to the Trident assets held for sale. See note 14, “Assets and liabilities held-for-sale” for additional information.

Included in the amortization of other intangible assets in 2011 is the amortization of other intangible assets resulting from acquisition accounting of $291 million (2010: $281 million; 2009: $302 million).

Depreciation of property, plant and equipment and amortization of software are primarily included in cost of revenue. Amortization and impairment of intangible assets are primarily reported in the General and Administrative expenses.

Foreign exchange differences

In 2011, cost of revenue included foreign exchange differences amounting to a gain of $9 million (2010: a loss of $20 million; 2009: a loss of $29 million).

Rent

Rent expense amounted to $51 million in 2011 (2010: $60 million; 2009: $63 million).

Research and development expenses

Expenditures for research and development activities amounted to $635 million in 2011 (2010: $568 million; 2009: $764 million).

For information related to research and development expenses on a segment basis, see note 4, “Information by segment and main country”.

Selling expenses

Selling expenses incurred in 2011 totaled $285 million (2010: $265 million; 2009: $271 million). Included are shipping and handling costs of $1 million (2010: $1 million; 2009: $1 million).

The selling expenses mainly relate to the cost of the sales and marketing organization. This primarily consists of account management, marketing, first and second line support, and order desk.

General and administrative expenses

General and administrative expenses include the costs related to management and staff departments in the corporate center, business segments and business lines, amounting to $633 million in 2011 (2010: $701 million; 2009: $712 million).

Other income and expense

Other income and expense consists of the following:

	2009	2010	2011
Result on disposal of properties:			
- income	12	8	**8**
- expense	(3)	—	**(18)**
Result on disposal of businesses:			
- income	22	—	**—**
- expense	(45)	(37)	**—**
Result on other items:			
- income	8	19	**17**
- expense	(7)	(6)	**(3)**
Total other income	42	27	**25**
Total other expense	(55)	(43)	**(21)**
Total other income (expense)	(13)	(16)	**4**

In 2011, the result on disposal of properties mainly related to the sale of land and buildings in San Jose, USA (a loss of $17 million) and the sale of equipment in Nijmegen, the Netherlands (a gain of $5 million). Furthermore, the sale of a building in Southampton, UK, which was classified as assets held for sale, resulted in a gain of $2 million. In 2010, the result on disposal of properties mainly related to the sale of a building in Hamburg, Germany ($5 million), which was classified as assets held for sale. In 2009, the result on disposal of properties mainly related to the sale of equipment in Fishkill, USA ($5 million) and the sale of land in Laguna, Philippines ($3 million).

In 2011, no results on disposal of businesses were recorded. In 2010, the result on disposal of businesses mainly related to the divestment of Trident (loss $26 million) and the divestment of NuTune (loss $7 million). In 2009 the result on disposal of businesses related to various smaller items with regard to businesses sold in previous years.

The remaining income consists of various smaller items for all periods reported.

7 Restructuring charges

The most significant projects for restructuring in 2011

In 2011 NXP undertook restructuring actions which include:

- the future closure of ICN 4 wafer fabrication facilities in Nijmegen, the Netherlands.
- actions to lower headcount, primarily in locations within Europe.

The 2011 restructuring actions are separate from the Redesign Program.

Furthermore, it has been decided that the closure of the ICN 6 wafer fabrication facilities in Nijmegen will be closed ultimately in 2013.

The most significant projects for restructuring in 2010

There were no new restructuring projects in 2010. In 2010 the restructuring charges mainly related to the divestment of a major portion of our former Home business.

The most significant projects for restructuring in 2009

In 2009 the restructuring charges mainly related to the ongoing Redesign Program of the Company being:

- the closure of the “ICN 6” part of the facility in Nijmegen;
- the effects of the transaction with Trident;
- the Fit for Future Program.

Furthermore, a reduction in support functions at the Corporate Center is part of the Redesign Program as a consequence of the downsizing of the Company.

The following table presents the changes in the position of restructuring liabilities in 2011 by segment:

	Balance January 1, 2011	Additions	Utilized	Released	Other changes[1]	Balance December 31, 2011
HPMS	**24**	**43**	**(3)**	**(2)**	**(3)**	**59**
SP	**1**	**4**	**(1)**	**—**	**—**	**4**
Manufacturing Operations	**44**	**11**	**(30)**	**(3)**	**(2)**	**20**
Corporate and Other	**28**	**8**	**(20)**	**(3)**	**3**	**16**
	97	**66**	**(54)**	**(8)**	**(2)**	**99**

(1) Other changes primarily related to translation differences.

The total restructuring liability as of December 31, 2011 of $99 million is classified in the balance sheet under provisions for $97 million (short-term: $45 million; long-term: $52 million) and under accrued liabilities for $2 million.

The following table presents the changes in the position of restructuring liabilities in 2010 by segment:

	Balance January 1, 2010	Additions	Utilized	Released	Other changes[1]	Balance December 31, 2010
HPMS	46	—	(5)	(15)	(2)	24
SP	5	—	(3)	(3)	2	1
Manufacturing Operations	144	—	(77)	(3)	(20)	44
Corporate and Other	96	3	(61)	(20)	10	28
Divested Home activities	22	4	(15)	1	(12)	—
	313	7	(161)	(40)	(22)	97

(1) Other changes primarily related to translation differences and reclassifications between segments

The total restructuring liability as of December 31, 2010 of $97 million is classified in the balance sheet under provisions for $87 million (short-term: $55 million; long-term: $32 million) and under accrued liabilities for $10 million.

The 2010 additions to restructuring liabilities of $7 million mainly related to the divestment of a major portion of our former Home business. The 2009 additions of $112 million to the restructuring liabilities were mainly related to the ongoing Redesign Program of the Company, which was initiated in September 2008.

Releases of restructuring liabilities of $8 million were recorded in 2011 (2010: $40 million; 2009: $92 million), primarily attributable to a reduction of Redesign Program related severance payments due to attrition and employees that were transferred to other positions in NXP, who were originally expected to be laid off.

The additions to the restructuring liabilities, less releases, in 2011, 2010 and 2009 by segment were as follows:

	2009	2010	2011
HPMS	44	(15)	**41**
SP	7	(3)	**4**
Manufacturing Operations	(56)	(3)	**8**
Corporate and Other	8	(17)	**5**
Divested Home activities	17	5	**—**
	20	(33)	**58**

The utilization of the restructuring liabilities mainly reflects the realization of the ongoing Redesign Program of the Company initiated in earlier years.

The components of restructuring charges less releases recorded in the liabilities in 2011, 2010 and 2009 are as follows:

	2009	2010	2011
Personnel lay-off costs	101	5	**66**
Write-down of assets	4	2	**—**
Other restructuring costs	7	—	**—**
Release of provisions/accruals	(92)	(40)	**(8)**
Net restructuring charges	20	(33)	**58**

The restructuring charges less releases recorded in operating income are included in the following line items in the statement of operations:

	2009	2010	2011
Cost of revenue	(46)	(14)	**24**
Selling expenses	11	(2)	**—**
General and administrative expenses	3	(8)	**15**
Research & development expenses	52	(9)	**19**
Net restructuring charges	20	(33)	**58**

In addition, restructuring related costs (excluding product transfers) amounting to $32 million were directly charged to operating income in 2011 (2010: $53 million; 2009:$83 million), and included in the following line items:

	2009	2010	2011
Cost of revenue	41	26	**13**
General and administrative expenses	33	30	**16**
Research & development expenses	9	2	**3**
Other income and expenses	—	(5)	**—**
	83	53	**32**

The details by segment were as follows:

	2009	2010	2011
HPMS	9	—	**2**
SP	2	4	**2**
Manufacturing Operations	13	23	**4**
Corporate and Other	57	27	**24**
Divested Home activities	2	(1)	**—**
	83	53	**32**

In total, restructuring charges less releases and restructuring related costs charged to operating income for 2011 amounted to $90 million (2010: $20 million; 2009: $103 million). The costs related to the Redesign Program amounted to $29 million ($15 million additions to provisions, $8 million release of provisions and $22 million costs directly charged to operating income).

Since the beginning of the Redesign Program in September 2008, a net amount (including releases) of $746 million for restructuring and restructuring related costs has been charged to the statement of operations including $152 million for the three year period ending December 31, 2011.

The details of the cumulative charges are as follows:

	2009	2010	2011
Personnel lay-off costs	633	691	**723**
Write-down of assets	40	42	**43**
Other restructuring costs	132	132	**136**
Release of provisions/accruals	(108)	(148)	**(156)**
	697	717	**746**

8 Financial income and expense

	2009	2010	2011
Interest income	4	2	**5**
Interest expense	(363)	(320)	**(312)**
Total interest expense, net	(359)	(318)	**(307)**
Net gain (loss) on extinguishment of debt	1,020	57	**(32)**
Sale of securities and other financial assets	(4)	8	**—**
Foreign exchange rate results	39	(331)	**128**
Miscellaneous financing costs/income, net	(14)	(44)	**(46)**
Total other financial income and expense	1,041	(310)	**50**
Total	682	(628)	**(257)**

In 2011, interest expense, net, of $307 million (2010: $318 million; 2009: $359 million) was mainly related to the interest expense on the euro-denominated and U.S. dollar-denominated notes. The lower interest expense in 2011 resulted from the bond exchanges and repurchases and from the repayment of the revolving credit facility.

Furthermore in 2011, a net loss on extinguishment of debt of $32 million (2010: a gain of $57 million) was recorded in connection with the various bond exchange and repurchase offers. In 2009, a gain on debt extinguishment of $1,020 million, net of a write-down of $25 million related to the capitalized initial bond issuance costs, was recorded in this respect. See note 28 “Long-term debt”.

Included in the sale of securities and other financial assets is the sale of Virage shares in 2010 (a gain of $7 million) and the sale of the DSPG shares in 2009, which resulted in a loss of $4 million.

In 2011 foreign exchange results amounted to a gain of $128 million (2010: a loss of $331 million; 2009: a gain of $39 million) and are composed of the following exchange rate fluctuations:

- the remeasurement of the U.S. dollar-denominated notes and short-term loans, which reside in a euro functional currency entity, a gain of $124 million (2010: a loss of $307 million; 2009: a gain of $38 million);
- intercompany financing resulting in a loss of $7 million (2010: a gain of $16 million; 2009: a loss of $5 million);
- the Company’s foreign currency cash and cash equivalents resulting in a gain of $10 million (2010: a loss of $43 million; 2009: a loss of $2 million);
- foreign currency contracts resulting in a gain of $1 million (2010: a gain of $2 million; 2009: a gain of $2 million);
- remaining items, no material results in 2011 (2010: a gain of $1 million; 2009: a gain of $6 million).

Included in miscellaneous financing costs in 2011 is the amortization of capitalized fees (relating to the issuance of the euro/U.S. dollar-denominated notes) amounting to $27 million (2010: $31 million; 2009: $14 million). Also included is interest on capital lease obligations of $10 million (2010: $13 million; 2009: nil).

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 our U.S. dollar-denominated notes. As a result in 2011 a charge of $203 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 within financial income (expense) in the statement of operations. No amounts resulting from ineffectiveness of net investment hedge accounting were recognized in the statement of operations in 2011.

9 Benefit (provision) for income taxes

In 2011, NXP generated a profit before income taxes of $100 million (2010: loss of $355 million; 2009: loss of $249 million). The components of profit (loss) before income taxes are as follows:

	2009	2010	2011
Netherlands	81	(490)	**(27)**
Foreign	(330)	135	**127**
	(249)	(355)	**100**

The components of the provision for income taxes are as follows:

	2009	2010	2011
Netherlands:			
Current taxes	(18)	(12)	**(3)**
Deferred taxes	(58)	3	**(10)**
	(76)	(9)	**(13)**
Foreign:			
Current taxes	(11)	(40)	**(29)**
Deferred taxes	77	25	**21**
	66	(15)	**(8)**
Income tax benefit (expense)	(10)	(24)	**(21)**

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:

	2009	2010	2011
Statutory income tax in the Netherlands	25.5	25.5	**25.0**
Rate differential local statutory rates versus statutory rate of the Netherlands	(1.1)	1.6	**(15.7)**
Changes in the valuation allowance:			
New tax loss carryforwards, tax credits and temporary differences not expected to be realized	(19.5)	(16.7)	**12.7**
Prior year adjustments	6.9	(1.6)	**(2.0)**
Non-taxable income	0.5	0.7	**(10.8)**
Non-tax-deductible expenses/losses	(9.2)	(12.3)	**19.6**
Other taxes and tax rate changes	(1.8)	0.1	**(1.0)**
Withholding taxes	(7.9)	(4.1)	**6.9**
Unrecognized tax benefits	(0.2)	(2.5)	**(1.0)**
Tax incentives and other	2.8	2.5	**(12.7)**
Effective tax rate	(4.0)%	(6.8)%	**21.0%**

We currently benefit 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 income tax holiday of one of our subsidiaries is expected to expire at the end of 2016 (however, we do expect to be able to extend this holiday for another 5 years). The related tax benefit (13.2%) is recorded above within tax incentives and other.

Deferred tax assets and liabilities

The principal components of deferred tax assets and liabilities are presented below:

	2010		2011	
	Assets	Liabilities	Assets	Liabilities
Intangible assets	49	(317)	**22**	**(245)**
Property, plant and equipment	43	(47)	**25**	**(28)**
Inventories	1	—	**1**	**—**
Receivables	1	(2)	**—**	**(13)**
Other assets	2	—	**—**	**(4)**
Provisions:				
Pensions	37	(1)	**27**	**(2)**
Restructuring	20	—	**23**	**—**
Other	12	(5)	**7**	**—**
Long-term debt	2	(81)	**—**	**(22)**
Undistributed earnings of foreign subsidiaries	—	(24)	**—**	**(27)**
Other liabilities	20	(10)	**20**	**(1)**
Tax loss carryforwards (including tax credit carryforwards)	713	—	**694**	**—**
Total gross deferred tax assets (liabilities)	900	(487)	**819**	**(342)**
Net deferred tax position	413		**477**	
Valuation allowances	(482)		**(545)**	
Net deferred tax assets (liabilities)	(69)		**(68)**	

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 following possible sources of taxable income have been considered when assessing the realization of our deferred tax assets:

- Future reversals of existing taxable temporary differences;
- Future taxable income exclusive of reversing temporary differences and carryforwards;
- Taxable income in prior carryback years; and
- Tax-planning strategies.

The valuation allowance increased by $63 million during 2011. The valuation allowance decreased by $146 million during 2010, of this decrease, $135 million was offset by a corresponding decrease in the deferred tax assets for tax loss carryforwards.

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, 2011, will be allocated as follows: $538 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 remains of $68 million at December 31, 2011 (2010: $69 million). This net deferred tax liability relates to certain taxable temporary differences reversing outside the tax loss carryforward periods, deferred tax liabilities recorded for profitable entities and deferred tax liabilities for withholding taxes on undistributed earnings of foreign subsidiaries.

At December 31, 2011 tax loss carryforwards of $2,699 million will expire as follows:

Total	2012	2013	2014	2015	2016	2017-2021	later	unlimited
2,699	**2**	**1**	**5**	**320**	**737**	**668**	**159**	**807**

The Company also has tax credit carryforwards of $90 million, which are available to offset future tax, if any, and which will expire as follows:

Total	2012	2013	2014	2015	2016	2017-2021	later	unlimited
90	**—**	**—**	**—**	**—**	**—**	**—**	**11**	**79**

The classification of the deferred tax assets and liabilities in the Company’s consolidated balance sheets is as follows:

	2010	2011
Deferred tax assets within other current assets	9	**5**
Deferred tax assets within other non-current assets	30	**19**
Deferred tax liabilities within short-term provisions	(2)	**(1)**
Deferred tax liabilities within long-term provisions	(106)	**(91)**
	(69)	**(68)**

The net income tax payable (excluding the liability for unrecognized tax benefits) as of December 31, 2011 amounted to $33 million (2010: $5 million receivable) and includes amounts directly payable to or receivable from tax authorities.

As from 2009 the Company intends to repatriate the undistributed earnings of subsidiaries. Consequently, the Company has recognized a deferred income tax liability of $27 million at December 31, 2011 (2010: $24 million) for the additional 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:

	2009	2010	2011
Balance as of January 1,	50	52	**195**
Increases from tax positions taken during prior periods	5	10	**—**
Decreases from tax positions taken during prior periods	(1)	(7)	**(12)**
Increases from tax positions taken during current period	9	140	**10**
Decreases relating to settlements with the tax authorities	(11)	—	**(24)**
Balance as of December 31,	52	195	**169**

Of the total unrecognized tax benefits at December 31, 2011, $138 million, if recognized, would not impact the effective tax rate as this amount 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. All other unrecognized tax benefits, if recognized, would affect the effective tax rate.

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 2011 amounted to $3 million (2010: $5 million; 2009: $2 million). As of December 31, 2011 the Company has recognized a liability for related interest and penalties of $8 million (2010: $11 million; 2009: $6 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 other than for one jurisdiction where approximately $5 million of unrecognized tax benefits will decrease in the next 12 months as a result of settlement of tax examinations, although this is not expected to impact income tax expense or the effective tax rate.

Tax years that remain subject to examination by major tax jurisdictions (mainly related to the Netherlands, Germany, USA, China, Taiwan, Thailand and the Philippines) are 2007, 2008, 2009, 2010 and 2011.

10 Investments in equity-accounted investees

Results relating to equity-accounted investees

	2009	2010	2011
Company's share in income (loss)	—	(86)	**(77)**
Gain on sale of shares	74	—	**—**
	74	(86)	**(77)**

Company's share in income (loss)

	2009	2010	2011
Trident	—	(94)	**(82)**
ASMC	1	4	**3**
Moversa	(2)	—	**—**
ASEN	—	4	**2**
Others	1	—	**—**
	—	(86)	**(77)**

Gain on sale of shares

In 2009, the Company sold its 20% Shareholding in the ST-NXP Wireless joint venture at its carrying value, resulting in a release of translation differences, previously accounted for within shareholders equity, amounting to $72 million. Furthermore, Geotate shares were sold, resulting in a gain of $2 million.

Investments in equity-accounted investees

The changes in 2011 are as follows:

	Investments
Balance as of January 1	**132**
Changes:	
Acquisitions/additions	**—**
Deductions	**(18)**
Share in income (loss)	**(77)**
Translation and exchange rate differences	**—**
Balance as of December 31	**37**

Deductions include non-cash deductions due to the cancelled contractual obligation for a capital contribution to ASEN.

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

	2010		2011	
	Shareholding %	Amount	Shareholding %	Amount
Trident	59	82	**57**	**—**
ASMC	27	10	**27**	**14**
ASEN	40	40	**40**	**23**
		132		**37**

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, 2011 is $16 million. In view of the Chapter 11 filing of Trident on January 4, 2012, and its subsequent delisting from NASDAQ, the fair value of NXP's shareholding in Trident is considered to be zero.

On January 4, 2012, Trident and one of its subsidiaries, Trident Microsystems (Far East) Ltd., filed voluntary petitions under Chapter 11 of the United States Bankruptcy code, in the U.S. Bankruptcy Court for the District of Delaware. Not all of Trident's subsidiaries have sought bankruptcy protection.

In 2011, the share in net loss of NXP's equity accounted participation in Trident is based on the losses reported by Trident in its unaudited condensed consolidated financial information for the financial year ended December 31, 2011, which has been furnished to the SEC on a Form 8-K on March 8, 2012. Based on the equity accounting methodology used to account for NXP's equity interest in Trident, and irrespective of the Chapter 11 filing, the carrying value of the investment on NXP's balance sheet is written down to zero as of December 31, 2011, compared to a carrying value of $82 million as of the end of 2010.

Summarized information of equity-accounted investees

Summarized financial information on the Company's investments in equity-accounted investees, on a combined basis, is presented below:

	2010	2011
Revenue	745	**545**
Income (loss) before taxes	(107)	**(127)**
Provision for income taxes	(3)	**(8)**
Net income (loss)	(110)	**(135)**
Total share in net income (loss) of equity-accounted investees recognized in the consolidated statements of operations	(86)	**(77)**

	December 31, 2010	December 31, 2011
Current assets	373	**275**
Non-current assets	292	**234**
	665	**509**
Current liabilities	(243)	**(151)**
Non-current liabilities	(33)	**(91)**
Net asset value	389	**267**
Investments in equity-accounted investees included in the consolidated balance sheet	132	**37**

The 2011 summarized information of equity-accounted investees in the tables above includes summarized financial information of Trident based on Trident's unaudited condensed consolidated financial information as described below.

Trident condensed consolidated financial information (unaudited)

Trident's condensed consolidated statements of operations (unaudited) are presented below:

	For the year ended December 31,	
($ in thousands)	**2010**	**2011**
Net revenues	557,198	**298,349**
Cost of revenues	(439,635)	**(233,920)**
Gross profit	117,563	**64,429**
Research and development expenses	(175,001)	**(138,972)**
Selling, general and administrative expenses	(79,161)	**(65,263)**
Goodwill impairment	(7,851)	**—**
Restructuring charges	(28,261)	**(10,042)**
Operating loss	(172,711)	**(149,848)**
Gain (loss) on investment	(303)	**2,098**
Gain on acquisition	43,402	**—**
Interest and other income (expense), net	1,819	**5,089**
Loss before income taxes	(127,793)	**(142,661)**
Provision for income taxes	(1,096)	**(7,689)**
Net loss	(128,889)	**(150,350)**

Trident's condensed consolidated balance sheets (unaudited) are presented below:

($ in thousands)	December 31, 2010	December 31, 2011
Cash and cash equivalents	93,224	**54,208**
Accounts receivable, net	62,328	**25,998**
Accounts receivable from related parties	7,337	**2,713**
Inventories	23,025	**12,783**
Note receivable from related party	20,884	**20,884**
Prepaid expenses and other current assets	18,330	**11,005**
Total current assets	225,128	**127,591**
Property and equipment, net [1)]	31,566	**9,236**
Intangible assets, net [1)]	82,921	**43,913**
Long-term receivable from related party	1,500	**—**
Other assets	29,826	**21,148**
Total assets	370,941	**201,888**
Accounts payable	7,828	**13,152**
Accounts payable to related parties	26,818	**23,395**
Accrued expenses and other current liabilities	79,305	**49,857**
Income taxes payable	2,077	**3,085**
Total current liabilities	116,028	**89,489**
Long-term income taxes payable	25,476	**23,471**
Deferred income tax liabilities	200	**301**
Other long-term liabilities	4,933	**7,878**
Total liabilities	146,637	**121,139**
Common stock	177	**183**
Additional paid-in capital	434,825	**441,614**
Accumulated deficit	(210,698)	**(361,048)**
Total stockholders' equity	224,304	**80,749**
Total liabilities and stockholders' equity	(370,941)	**(201,888)**

[1)] Trident is currently performing the necessary analysis to determine whether its long-lived assets were impaired as of December31, 2011.

The unaudited condensed consolidated financial information of Trident included in the tables above is extracted from Trident's Form 8-K, which information has been furnished to the SEC on March 8, 2012. Audited 2011 consolidated financial statements of Trident are currently not available, but we do not believe such information would provide further insights into Trident's performance relevant to NXP's investment, considering the fact that Trident is in Chapter 11, and more specifically since we carry our investment in Trident at zero and the Company does not believe it has an obligation to provide additional funding or financing to Trident. Although Rule 3-09 of Regulation S-X would require the filing of 2011 financial statements of Trident Microsystems, Inc. with our Annual

Report on Form 20-F, based on the above-mentioned arguments and in particular the fact that such financial statements are not available, the SEC has indicated not to object to the omission of these financial statements at this point in time.

For other information related to equity-accounted investees, see note 33, “Related party transactions”.

11 Non-controlling interests

The share of non-controlling interests in the results of the Company amounted to a profit of $46 million in 2011 (2010: profit of $50 million; 2009: profit of $14 million).

As of December 31, 2011, the balance of non-controlling interests totaled $212 million (2010: $233 million).

Non-controlling interests predominantly relate to the shareholding in SSMC.

12 Earnings per share

The earnings per share (EPS) data have been calculated as follows:

	2009	2010	2011
Income (loss) from continuing operations	(185)	(465)	**2**
Less: Net income (loss) attributable to non-controlling interests	14	50	**46**
Income (loss) from continuing operations attributable to stockholders	(199)	(515)	**(44)**
Income (loss) from discontinued operations attributable to stockholders	32	59	**434**
Net income (loss) attributable to stockholders	(167)	(456)	**390**
Weighted average number of shares outstanding (after deduction of treasury shares) during the year -in thousands-	215,252	229,280	**248,812**
Basic/Diluted EPS attributable to stockholders in $:			
Income (loss) from continuing operations	(0.93)	(2.25)	**(0.17)**
Income (loss) from discontinued operations	0.15	0.26	**1.74**
Net income (loss)	(0.78)	(1.99)	**1.57**

1) In 2011, 27,789,634 securities (2010: 24,350,650 securities; 2009: 19,570,435 securities) that could potentially dilute basic EPS were not included in the computation of dilutive EPS because the effect would have been anti-dilutive for the periods presented.

13 Receivables

Accounts receivable are summarized as follows:

	2010	2011
Accounts receivable from third parties	383	**425**
Less: allowance for doubtful accounts	(6)	**(4)**
Accounts receivable from equity-accounted investees (net)	19	**20**
	396	**441**

Income taxes receivable current portion totaling $14 million (2010: $10 million) are included under other receivables.

The changes in allowances for doubtful accounts are as follows:

	2009	2010	2011
Balance as of January 1,	2	4	**6**
Additions charged to income	6	2	**2**
Deductions from allowance[1]	(2)	—	**(2)**
Other movements[2]	(2)	—	**(2)**
Balance end of period	4	6	**4**

(1) Write-offs for which an allowance was previously provided
(2) Includes the effect of translation differences and consolidation changes

14 Assets and liabilities held for sale

The following table presents the remaining major classes of assets and liabilities classified as held for sale in the consolidated balance sheets as at December 31, 2010 and 2011 related to the former business segment Home (digital television and set-top-boxes) that was sold to Trident Microsystems Inc. on February 8, 2010.

	2010	2011
Inventories held for sale	39	**31**
Other liabilities held for sale	(21)	**(21)**

All assets and liabilities were transferred to Trident, except inventories which will be delivered gradually in 2012 and for which a liability was recorded for an amount of $21 million in promissory notes.

Other assets held for sale as of December 31, 2011 include real estate and other property held for sale following exits or planned exits with a carrying value of $8 million (2010: $9 million). The fair value of these assets classified as held for sale has been based on quoted broker values and is therefore a level 2 measurement.

Total assets held for sale at December 31, 2011 were $39 million (2010: $48 million) whereas the liabilities amounted to $21 million at the end of December 2011 (2010: $21 million).

15 Inventories

Inventories are summarized as follows:

	2010	2011
Raw materials [1]	68	**69**
Work in process [1]	361	**415**
Finished goods	84	**134**
	513	**618**

(1) Supplies have been reclassified from raw materials to work in process.

The portion of the finished goods stored at customer locations under consignment amounted to $15 million as of December 31, 2011 (2010: $19 million).

The amounts recorded above are net of an allowance for obsolescence.

The changes in the allowance for obsolescence are as follows:

	2009	2010	2011
Balance as of January 1,	83	107	**86**
Additions charged to income	67	44	**35**
Deductions from allowance	(33)	(35)	**(57)**
Other movements[1]	(10)	(30)	**(2)**
Balance as of December 31	107	86	**62**

1) Includes the effect of translation differences and acquisition and divestments (referred to as consolidation changes).

16 Other current assets

Other current assets are summarized as follows:

	2010	2011
Deferred tax assets	9	**5**
Derivative instrument assets	4	**2**
Capitalized unamortized fees related to the issuance of notes	12	**9**
Prepayments related to Electronics Design Applications (EDA) contracts	1	**—**
Subsidies	20	**34**
Prepayments IT-related	10	**8**
Prepaid rent	5	**4**
Other prepaid expenses	68	**25**
	129	**87**

17 Other non-current financial assets

The changes are as follows:

	2010	2011
Balance as of January 1	35	**19**
Changes:		
Acquisitions/additions	3	**1**
Sales/repayments	(21)	**(3)**
Valuation adjustments	3	**—**
Translation and exchange differences	(1)	**—**
Balance as of December 31	19	**17**

Sales/repayments in 2010 mainly relate to the sale of shares and options of the strategic alliance with Virage Logic Corporation.

The balance as of December 31, 2011, mainly consists of restricted liquid assets of $7 million and guarantee deposits of $6 million (2010: $9 million and $6 million, respectively).

18 Other non-current assets

Other non-current assets are summarized as follows:

	2010	2011
Prepaid pension costs	22	**39**
Deferred tax assets	30	**19**
Capitalized unamortized fees related to the issuance of notes	50	**39**
Capitalized unamortized fees related to the revolving credit facility	10	**10**
Other	23	**20**
	135	**127**

The average amortization period of capitalized fees related to the issuance cost of notes and revolving credit facility is 5 years.

19 Property, plant and equipment

Property, plant and equipment consisted of:

	Total	Land and buildings	Machinery and installations	Other equipment	Prepayments and construction in progress	No longer productively employed
Balance as of January 1, 2011:						
Cost	**2,139**	**616**	**1,268**	**191**	**64**	**—**
Accumulated depreciation	**(975)**	**(130)**	**(737)**	**(108)**	**—**	**—**
Book value	**1,164**	**486**	**531**	**83**	**64**	**—**
Changes in book value:						
Reclassifications	**12**	**—**	**12**	**—**	**—**	**—**
Capital expenditures	**221**	**—**	**—**	**—**	**221**	**—**
Transfer of assets into use	**—**	**11**	**203**	**17**	**(231)**	**—**
Retirements and sales	**(30)**	**(24)**	**(6)**	**—**	**—**	**—**
Depreciation	**(283)**	**(46)**	**(212)**	**(25)**	**—**	**—**
Write-downs and impairments	**(6)**	**(6)**	**—**	**—**	**—**	**—**
Transfer to assets held for sale	**(7)**	**(7)**	**—**	**—**	**—**	**—**
Consolidation changes	**—**	**—**	**—**	**—**	**—**	**—**
Translation differences	**(8)**	**(3)**	**(3)**	**(2)**	**—**	**—**
Total changes	**(101)**	**(75)**	**(6)**	**(10)**	**(10)**	**—**
Balance as of December 31, 2011:						
Cost	**2,065**	**494**	**1,277**	**185**	**54**	**55**
Accumulated depreciation	**(1,002)**	**(83)**	**(752)**	**(112)**	**—**	**(55)**
Book value	**1,063**	**411**	**525**	**73**	**54**	**—**

	Total	Land and buildings	Machinery and installations	Other equipment	Prepayments and construction in progress	No longer productively employed
Balance as of January 1, 2010:						
Cost	2,301	708	1,374	204	10	5
Accumulated depreciation	(973)	(89)	(759)	(120)	—	(5)
Book value	1,328	619	615	84	10	—
Changes in book value:						
Reclassifications	51	—	26	25	—	—
Capital expenditures	258	—	—	—	258	—
Transfer of assets into use	—	14	166	21	(201)	—
Retirements and sales	(35)	(27)	(5)	(3)	—	—
Depreciation	(331)	(53)	(246)	(32)	—	—
Write-downs and impairments	(21)	(14)	(3)	(4)	—	—
Transfer to assets held for sale	(33)	(33)	—	—	—	—
Consolidation changes	(10)	—	(8)	(2)	—	—
Translation differences	(43)	(20)	(14)	(6)	(3)	—
Total changes	(164)	(133)	(84)	(1)	54	—
Balance as of December 31, 2010:						
Cost	2,139	616	1,268	191	64	—
Accumulated depreciation	(975)	(130)	(737)	(108)	—	—
Book value	1,164	486	531	83	64	—

Reclassifications represent capital lease equipment from Germany (2010: Nijmegen (the Netherlands) and Philippines).

Land with a book value of $62 million (2010: $79 million) is not depreciated.

Property, plant and equipment includes $18 million (2010: $24 million) for leased assets, relating to land and buildings, $3 million (2010: $3 million), relating to machinery and installations $5 million (2010: $6 million) and $10 million (2010: $15 million) relating to other equipment. Reference is made to note 30, capital lease obligations.

The expected service lives of property, plant and equipment as of December 31, 2011 were as follows:

Buildings	from 9 to 50 years
Machinery and installations	from 2 to 7 years
Other equipment	from 1 to 5 years

There was no significant construction in progress and therefore no related capitalized interest.

20 Intangible assets excluding goodwill

The changes in 2011 were as follows:

	Total	Other intangible assets	Software
Balance as of January 1, 2011			
Cost	**2,928**	**2,869**	**59**
Accumulated amortization	**(1,442)**	**(1,397)**	**(45)**
Book value	**1,486**	**1,472**	**14**
Changes in book value:			
Acquisitions/additions	**10**	**—**	**10**
Amortization	**(301)**	**(291)**	**(10)**
Translation differences and other	**(24)**	**(23)**	**(1)**
Total changes	**(315)**	**(314)**	**(1)**
Balance as of December 31, 2011:			
Cost	**2,536**	**2,473**	**63**
Accumulated amortization	**(1,365)**	**(1,315)**	**(50)**
Book value	**1,171**	**1,158**	**13**

	Total	Other intangible assets	Software
Balance as of January 1, 2010			
Cost	3,202	3,074	128
Accumulated amortization	(1,316)	(1,229)	(87)
Book value	1,886	1,845	41
Changes in book value:			
Acquisitions/additions	15	9	6
Divestments	(6)	(2)	(4)
Amortization	(295)	(281)	(14)
Translation differences and other	(114)	(99)	(15)
Total changes	(400)	(373)	(27)
Balance as of December 31, 2010:			
Cost	2,928	2,869	59
Accumulated amortization	(1,442)	(1,397)	(45)
Book value	1,486	1,472	14

Other intangible assets in 2011 consist of:

	January 1, 2011		December 31, 2011	
	Gross	Accumulated amortization	Gross	Accumulated amortization
Marketing-related	**75**	**(72)**	**18**	**(16)**
Customer-related	**454**	**(149)**	**411**	**(143)**
Technology-based	**2,340**	**(1,176)**	**2,044**	**(1,156)**
	2,869	**(1,397)**	**2,473**	**(1,315)**

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

2012	260
2013	260
2014	260
2015	184
2016	73

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

The expected weighted average remaining life of other intangibles is 5 years as of December 31, 2011.

The estimated amortization expense for software as of December 31, 2011 for each of the five succeeding years is:

2012	7
2013	4
2014	2
2015	—
2016	—

The expected weighted average remaining lifetime of software is 2 years as of December 31, 2011.

21 Goodwill

The changes in goodwill in 2010 and 2011 were as follows:

	2010	2011
Balances as of January 1		
Cost	2,639	**2,529**
Accumulated impairment	(247)	**(230)**
Book value	2,392	**2,299**
Changes in book value:		
Adjustments	28	**—**
Acquisitions	2	**—**
Translation differences	(123)	**(68)**
Total changes	(93)	**(68)**
Balances as of December 31		
Cost	2,529	**2,454**
Accumulated impairment	(230)	**(223)**
Book value	2,299	**2,231**

Acquisitions in 2010 related to goodwill are associated with the acquisition of Jennic.

As a result of various additional settlements related to acquisitions in previous years, goodwill was adjusted in 2010. These settlements are reflected under ‘adjustments’ and are predominantly related to deferred tax effects associated with purchase price accounting from the formation of the Company in September 2006 the (“Formation”).

The 2011 annual impairment test confirmed that the Company’s reporting units’ fair value substantially exceeded its carrying value. The Company concluded that in 2011 and 2010 there were no impairment charges.

See note 4, “Information by segment and main country”, for goodwill by segment and note 5, “Acquisitions and divestments”.

22 Accrued liabilities

Accrued liabilities are summarized as follows:

	2010	2011
Personnel-related costs:		
- Salaries and wages	142	**54**
- Accrued vacation entitlements	40	**37**
- Other personnel-related costs	14	**19**
Utilities, rent and other	16	**17**
Income tax payable (refer to note 9)	5	**36**
Communication & IT costs (including accruals related to EDA contracts)	41	**10**
Distribution costs	7	**7**
Sales-related costs	8	**13**
Purchase-related costs	17	**5**
Interest accruals	92	**74**
Derivative instruments—liabilities (refer to note 38)	6	**3**
Liabilities for restructuring costs (refer to note 7)	10	**2**
Other accrued liabilities	63	**55**
	461	**332**

Other accrued liabilities consist of various smaller items.

23 Provisions

Provisions are summarized as follows:

	2010		2011	
	Long- term	Short- term	Long- term	Short- term
Provisions for defined-benefit pension plans (refer to note 24)	143	8	**144**	**9**
Other postretirement benefits (refer to note 25)	6	1	**7**	**—**
Restructuring (mainly postemployment benefits and obligatory severance payments) (refer to note 7)	32	55	**52**	**45**
Deferred tax liabilities (refer to note 9)	106	2	**91**	**1**
Liability for unrecognized tax benefits	62	9	**11**	**6**
Other provisions	66	20	**42**	**69***
Total	415	95	**347**	**130**

* Other short-term provisions include approximately $45 million of liabilities incurred in connection with the sale of the Sound Solutions business. Settlements of these liabilities will be reported as cash flows from discontinued operations.

The changes in total provisions excluding deferred tax liabilities and liabilities for uncertain tax positions liabilities are as follows:

	2009	2010	2011
Balances as of January 1	629	497	**330**
Changes:			
Additions	108	83	**153**
Utilizations	(166)	(175)	**(83)**
Releases	(76)	(56)	**(23)**
Translation differences	2	(17)	**(9)**
Changes in consolidation	—	(2)	**—**
Balances as of December 31	497	330	**368**

Restructuring

The provision for restructuring generally covers benefits provided to former or inactive employees after employment but before retirement, including salary continuation, supplemental unemployment benefits and disability-related benefits and the Company's commitment to pay employees a lump sum upon the employee's dismissal or resignation.

Loss contingencies (environmental remediation and product liability)

The Company did not incur any material costs with respect to environmental remediation and product liability obligations.

Other provisions

Other provisions include provisions for employee jubilee funds totaling $21 million as of December 31, 2011 (2010: $23 million), provisions for legal claims totaling $15 million (2010: $32 million) and other various smaller items.

24 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 Metalelektro 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 1,230 companies and 680,000 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 for additional funding to recover from plan deficits. Affiliated companies will also have no entitlements 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.

The coverage ratio of the PME plan was 90% as of December 31, 2011. Regulations require PME to have a coverage ratio (ratio of the plan's assets to its obligations) of 104.3 % for the total plan as of December 31, 2012, which should be achieved via a Recovery Plan. As the coverage ratio as of December 31, 2011 is below the path indicated in the Recovery Plan, PME has announced their intention to reduce pension rights by approximately 6% as of April 1, 2013 should the coverage ratio as of December 31, 2012 remain below the required level. The contribution rate will increase from 25.0% (2011) to 26.5% (2012) to meet the funding requirements for the accrual of new pension rights.

PME multi-employer plan	**2009**	**2010**	**2011**
NXP's contributions to the plan	61	53	**59**
(including employees' contributions)	3	2	**2**
Number of NXP's active employees participating in the plan	4,284	3,537	**3,256**
NXP's contribution to plan exceeded more than 5 percent of total contribution (as of December 31 of the plan's year end)	No	No	**No**

The amount included in the statement of operations for the year 2011 was $90 million (2010: $83 million; 2009: $77 million) of which $16 million (2010: $15 million; 2009: $19 million) represents defined-contribution plans and $54 million (2010: $48 million; 2009: $38 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 $20 million in 2011 (2010: $20 million; 2009: $20 million) consisting of $21 million ongoing cost (2010: $20 million; 2009: $24 million) and a gain of $1 million from special events resulting from redesign, curtailments and settlements.

The table below provides a summary of the changes in the pension benefit obligations and defined-benefit pension plan assets for 2011 and 2010, 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.

	2010	2011
Projected benefit obligation		
Projected benefit obligation at beginning of year	326	**347**
Additions	—	**3**
Service cost	12	**12**
Interest cost	15	**15**
Actuarial (gains) and losses	21	**(5)**
Curtailments and settlements	(4)	**(6)**
Plan amendments	—	**(1)**
Benefits paid	(20)	**(13)**
Exchange rate differences	(3)	**(10)**
Projected benefit obligation at end of year	347	**342**
Plan assets		
Fair value of plan assets at beginning of year	152	**148**
Actual return on plan assets	8	**10**
Employer contributions	17	**13**
Curtailments and settlements	(3)	**(6)**
Benefits paid	(20)	**(13)**
Exchange rate differences	(6)	**(5)**
Fair value of plan assets at end of year	148	**147**
Funded status	(199)	**(195)**
Classification of the funded status is as follows		
- Prepaid pension cost within other non-current assets	22	**25**
- Accrued pension cost within other non-current liabilities	(70)	**(67)**
- Provisions for pensions within provisions	(151)	**(153)**
Total	(199)	**(195)**
Accumulated benefit obligation		
Accumulated benefit obligation for all Company-dedicated benefit pension plans	300	**299**
Plans with assets less than accumulated benefit obligation		
Funded plans with assets less than accumulated benefit obligation		
- Fair value of plan assets	10	**22**
- Accumulated benefit obligations	52	**60**
- Projected benefit obligations	72	**79**
Unfunded plans		
- Accumulated benefit obligations	136	**140**
- Projected benefit obligations	149	**153**
Amounts recognized in accumulated other comprehensive income (before tax)		
Total AOCI at beginning of year	(44)	**(21)**
- Net actuarial loss (gain)	21	**(9)**
- Prior service cost (credit)	—	**(1)**
- Exchange rate differences	2	**1**
Total AOCI at end of year	(21)	**(30)**
Changes in accumulated other comprehensive income (before tax) consist of		
Total net actuarial loss (gain) at beginning of year	(45)	**(22)**
- Net actuarial loss (gain) arising during the year	20	**(9)**
- Net actuarial (loss) gain recognized in income during the year	1	**—**
- Exchange rate difference	2	**1**
Total net actuarial loss (gain) at end of year	(22)	**(30)**
Total prior service cost (credit) at beginning of year	1	**1**
- Prior service cost (credit) arising during the year	—	**(1)**
Total prior service cost (credit) at end of year	1	**—**

The weighted average assumptions used to calculate the projected benefit obligations were as follows:

	2010	2011
Discount rate	4.3%	**4.4%**
Rate of compensation increase	3.1%	**3.1%**

The weighted average assumptions used to calculate the net periodic pension cost were as follows:

	2009	2010	2011
Discount rate	4.6%	4.8%	**4.3%**
Expected returns on plan assets	4.3%	4.3%	**4.2%**
Rate of compensation increase	3.1%	3.0%	**3.1%**

For the Company's major plans, the discount rate used is based on high quality corporate bonds (iBoxx 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.

The components of net periodic pension costs were as follows:

	2009	2010	2011
Service cost	15	12	**12**
Interest cost on the projected benefit obligation	14	15	**15**
Expected return on plan assets	(6)	(6)	**(6)**
Amortization of prior service cost	—	—	**—**
Amortization of net (gain) loss	(2)	(1)	**—**
Curtailments & settlements	(4)	(1)	**(1)**
Other	3	1	**—**
Net periodic cost	20	20	**20**

A sensitivity analysis shows that if the discount rate increases by 1% from the level of December 31, 2011, 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, 2011, with all other variables held constant, the net periodic pension cost would decrease by $2 million.

Both 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 (2012) are nil.

Plan assets

The actual pension plan asset allocation at December 31, 2010 and 2011 is as follows:

	2010	2011
Asset category:		
Equity securities	17%	**21%**
Debt securities	57%	**64%**
Insurance contracts	8%	**4%**
Other	18%	**11%**
	100%	**100%**

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 every three years 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 $147 million include $134 million related to the German, Swiss and

Philippine pension funds. From this $134 million 19% is categorized as a Level 1 measurement, 78% as a Level 2 measurement and 3% as a Level 3 measurement. From the remaining assets of $13 million an amount of $6 million relates to assets held by insurance companies.

The Company currently expects to make cash contributions of $79 million in 2012, consisting of $4 million of employer contributions to defined-benefit pension plans, $18 million of employer contributions to defined-contribution pension plans, $50 million of employer contributions to multi-employer 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):

2012	19
2013	13
2014	13
2015	14
2016	15
Years 2017-2021	88

25 Postretirement benefits other than pensions

In addition to providing pension benefits, the Company provides other postretirement benefits, primarily retiree healthcare benefits in the United States accounted for as defined-benefit plans. The Company funds these other postretirement benefit plans as claims are incurred.

The amounts included in the consolidated statements of operations for 2011 are an expense of $1 million (2010: $1 million; 2009: $1 million).

The accumulated postretirement benefit obligation at the end of 2011 equals $7 million (2010: $7 million).

26 Other current liabilities

Other current liabilities are summarized as follows:

	2010	2011
Other taxes including social security premiums	26	**16**
Amounts payable under pension plans	22	**12**
Other short-term liabilities	47	**31**
Total	95	**59**

27 Short-term debt

	2010	2011
Revolving credit facility	400	—
Other short-term bank borrowings	18	**35**
Current portion of long-term debt	5	**17**
Total	423	**52**

At December 31, 2011, we have a Secured Revolving Credit Facility of $647 million based on exchange rates on that date compared to $669 million at December 31, 2010 based on exchange rates on that date, which we entered into on September 29, 2006 in order to finance our working capital requirements and general corporate purposes. Amounts drawn from the Revolving Credit Facility are classified as short-term debt.

During 2011, drawings of the Revolving Credit Facility have been fully redeemed at year-end. At December 31, 2010, the sum of drawings was $400 million.

The weighted average interest rate under the Secured Revolving Credit Facility was 3.0% as of December 31, 2011 (3.2% as of December 31, 2010).

At December 31, 2011, other short-term bank borrowings of $35 million (2010: $18 million) consisted of a local bank borrowing by our Chinese subsidiary.

The applicable weighted average interest rate during 2011 was 4.36% (2010: 2.80%).

On May 10, 2010, we entered into a €458 million Forward Start Revolving Credit Facility, which becomes available, subject to specified conditions, on September 28, 2012, and matures on September 28, 2015, to replace our existing Secured Revolving Credit Facility. The conditions to utilization of the Forward Start Revolving Credit Facility include specified closing conditions, as well as conditions (i) that our consolidated net debt does not exceed $3,750 million as of June 30, 2012 (and if it exceeds $3,250 million on such date, the commitments under the Forward Start Revolving Credit Facility will be reduced by 50%), and (ii) that we issue on or before September 28, 2012, securities with gross proceeds of $500 million, having a maturity at least 180 days after the maturity of the Forward Start Revolving Credit Facility, the proceeds of which are to be used to refinance debt (other than debt under the Secured Revolving Credit Facility) that matures before the maturity of the Forward Start Revolving Credit Facility.

28 Long-term debt

	Range of interest rates	Average rate of interest	Amount outstanding 2011	Due in 2012	Due after 2012	Due after 2016	Average remaining term (in years)	Amount outstanding December 31, 2010
EUR notes	4.3%-10.0%	7.1%	476	—	476	—	2.9	1,193
USD notes	3.15%-10.0%	7.5%	3,262	10	3,252	1,845	5.0	2,911
Bank borrowings	2.0%	2.0%	4	—	4	—	2.6	2
Liabilities arising from capital lease transactions	2.6%-13.3%	5.6%	22	7	15	1	2.6	24
Other long-term debt	—	—	—	—	—	—	—	3
		7.4%	3,764	17	3,747	1,846	4.7	4,133
Corresponding data of previous year		7.0%	4,133	5	4,128	1,003	4.4	

The following amounts of long-term debt at book value as of December 31, 2011 are due in the next 5 years:

2012	17
2013	482
2014	18
2015	784
2016	617
Due after 5 years	1,846
	3,764

Related to the Formation, NXP issued on October 12, 2006 several series of notes with maturities ranging from 7 to 9 years with a mix of floating and fixed rates. Several series are denominated in U.S. dollar and several series are euro denominated. The euro and U.S. dollar notes represent 13% and 87% respectively of the total principal amount of the notes outstanding. The series of unsecured debt have a remaining tenor of 3.8 years. The remaining tenor of secured debt is on average 5.0 years.

Debt exchange and repurchase

At December 31, 2011, total long-term debt has been reduced to $3,747 million from $4,128 million at December 31, 2010 and $4,673 million at December 31, 2009.

In 2011 the long-term debt level was reduced by $381 million through various long-term debt transactions, open market transactions and exchange rate differences. All outstanding 2014 Dollar Fixed Rate Notes were redeemed for $362 million. Extinguishment of debt in 2011 amounted to a loss of $32 million compared to a gain of $57 million in 2010.

A covenant term loan due in 2017 was issued for $500 million whereas $100 million of 2013 Dollar Floating Rate Secured Notes together with €143 million of 2013 Euro Floating Rate Secured Notes were redeemed. Several open market transactions led to a reduction in principal amount of: Euro denominated Senior Notes 2015 of €32 million, U.S. dollar denominated Senior Notes 2015 of $96 million and U.S. dollar denominated Senior Secured Notes 2018 of $78 million.

In a private transaction, $615 million of Floating Rate Secured Notes 2016 were issued in exchange for €202 million of Euro Floating Rate Secured Notes 2013, $257 million of USD Floating Rate Secured Notes 2013 and cash consideration of $71 million, the latter which has been used in combination with cash to redeem $76 million of USD Floating Rate Secured Notes 2013.

A second covenant term loan due in 2017 for $500 million was issued and used to redeem $275 million of USD Floating Rate Secured Notes 2013 and €150 million of EUR Floating Rate Secured Notes 2013

In 2010, our long-term debt level was reduced by $545 million. We bought back $1,440 million of our outstanding debt for cash consideration of $1,383 million. This was financed by cash from operations and our offer of $1,000 million Senior Secured Notes due in 2018 (the bank fees related to this new issuance of $28 million were capitalized) and $448 million of net proceeds from the completion of an IPO.

The Company may from time to time continue to seek to retire or purchase its outstanding debt through cash purchases and/or exchanges, in open market purchases, privately negotiated transactions or otherwise.

Other effects on the total long-term debt position relate to the translation of euro-denominated notes outstanding.

Euro notes

The Euro notes outstanding as of the end of December 2011 consist of the following three series:

- a €203 million aggregate principal amount of 8.625% senior notes due 2015; and
- a €142 million aggregate principal amount of floating rate senior secured notes due 2013 with an interest rate of three-month EURIBOR plus 2.75%, except that the interest rate for the period beginning on the date these notes were offered, October 12, 2006 through January 14, 2007, was 6.214%; and
- a €29 million aggregate principal amount of 10% super priority notes due 2013.

U.S. dollar-denominated notes

The U.S. dollar-denominated notes consist of the following seven series:

- a $221 million aggregate principal amount of 10% super priority notes due 2013; and
- a $58 million aggregate principal amount of floating rate senior secured notes due 2013 with an interest rate of three-month LIBOR plus 2.75%, except that the interest rate for the period beginning on the date these notes were offered, October 12, 2006 through January 14, 2007, was 8.118%; and
- a $510 million aggregate principal amount of 9.5% senior notes due 2015; and
- a $615 million aggregate principal amount of floating rate senior secured notes due 2016 with an interest rate of three-month LIBOR plus 5.5%; and
- a $499 million aggregate principal amount of floating rate senior secured term loan due 2017 with an interest rate of LIBOR plus 4.25% with a floor of 1.25%; and
- a $496 million aggregate principal amount of floating rate senior secured term loan due 2017 with an interest rate of LIBOR plus 3.25% with a floor of 1.25%; and
- a $922 million aggregate principal amount of 9.75% senior secured notes due 2018.

Certain terms and Covenants of the Euro and 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 2017 Term Loans, the Company is required to repay $10 million annually ($1.25 million per 2017 Term Loan per quarter).

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.

Certain portions of long-term and short-term debt as of December 31, 2011 in the principal amount of $3,033 million (2010: $3,639 million) have been secured by collateral on substantially all of the Company’s assets and of certain of its subsidiaries.

The 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”).

Pursuant to various security documents related to the above mentioned secured notes and the $647 million (denominated €500 million) committed 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.

29 Other non-current liabilities

Other non-current liabilities are summarized as follows:

	2010	2011
Accrued pension costs	70	67
Asset retirement obligations	12	7
Income tax payable non-current	—	11
Amounts payable under pension plans	—	10
Liabilities related to EDA contracts	11	—
Other	14	17
	107	112

30 Contractual obligations

For an explanation of long-term debt and other long-term liabilities, see note 28 and 29.

Capital lease obligations

Property, plant and equipment includes $18 million as of December 31, 2011 (2010: $24 million) for capital leases and other beneficial rights of use, such as building rights and hire purchase agreements. The financial obligations arising from these contractual agreements are reflected in long-term debt.

The details of the capital lease obligations are as follows:

	Future minimum lease payments	Interest	Present value of minimum lease payments
2012	8	1	7
2013	8	1	7
2014	6	1	5
2015	1	—	1
2016	1	—	1
Later	1	—	1
Total	25	3	22

Operating leases

Long-term operating lease commitments totaled $171 million as of December 31, 2011 (2010: $150 million). The long-term operating leases are mainly related to the rental of buildings. These leases expire at various dates during the next 30 years.

The future payments that fall due in connection with these obligations are as follows:

2012	31
2013	26
2014	25
2015	24
2016	15
Later	50
Total	171

Operating lease payments for 2011 totaled $36 million (2010: $37 million; 2009: $37 million).

31 Contingent liabilities

Guarantees

At the end of 2011 there were no material guarantees recognized by the Company.

Other commitments

The Company has made certain commitments to SSMC, whereby the Company is obligated to make cash payments to SSMC should it fail to purchase 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. In the periods presented in these financial statements no such payments were made. Furthermore, other commitments exist with respect to long-term obligations for a joint development contract with Catena Holding BV of $12 million.

Environmental remediation

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.

Soil and groundwater contamination has been identified at our property in Hamburg, Germany. At our Hamburg location, the remediation process has been ongoing for several years and is expected to continue for several years.

Our former property in Lent, the Netherlands, is affected by trichloroethylene contamination. ProRail B.V., owns certain property located nearby and has claimed that we have caused trichloroethylene contamination on their property. We have rejected ProRail's claims, as we believe that the contamination was caused by a prior owner of our property in Lent. While we are currently not taking any remediation or other actions, we estimate that our aggregate potential liability, if any, in respect of this property will not be material.

Asbestos contamination has been found in certain parts of our properties in Manchester in the United Kingdom and in Nijmegen, the Netherlands. In the United Kingdom, we will be required to dispose of the asbestos when the buildings currently standing on the property are demolished. We estimate our potential liability will not be material. In the Netherlands, we will be required to remediate the asbestos contamination at a leased property, upon termination of the lease. The lease is not expected to end soon and we estimate the cost of remediation will not be material.

Litigation

With the support from its in-house and outside counsel and based on its best estimate, 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. 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 $15 million accrued for legal proceedings pending as of December 31, 2011, compared to approximately $32 million as of December 31, 2010 and approximately $15 million as December 31, 2009. Such accruals are part of the "Other provisions," as referred to in note 23, "Provisions" to the Company's financial statements. 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.

Set forth below are descriptions of our most important legal proceedings pending as of December 31, 2011, for which the related loss contingency is either probable or reasonably possible, including the legal proceedings for which accruals have been made:

* Three former employees of Signetics Corp, a predecessor of NXP Semiconductors USA, Inc. and their respective children each separately filed various counts against NXP Semiconductors USA, Inc. (negligence, premises liability, strict liability, abnormal and ultrahazardous activity, willful and wanton misconduct and loss of consortium) asserting exposure to harmful chemicals and substances while the employees concerned were working in a factory "clean room" of Signetics Corp., resulting in alleged physical injuries and eventual birth defects to their children (cases No. N09C-10-032 JRJ, N10C-05-137 JRJ and 1-10-CV-188679). Initial discovery has commenced by both sides in above mentioned cases. Actual substantive responses are pending. Trial dates for Case No. N09C-10 032 and Case No. N10C-05-137 have been set at October 7, 2013 and April 28, 2014, respectively. No trial date has been set in Case No. 1-10-CV-188679 yet.
* Norit Winkelsteeg B.V. and Vitens N.V. alleged that NXP Semiconductors Netherlands B.V. breached a contract it had entered into with them to build a so-called "permeate-water" factory or, in the alternative, had terminated negotiations to enter into such contract in bad faith. Claimants hold NXP Semiconductors Netherlands B.V. liable for all costs, expenses and damages, including loss of profit. In an interim judgment dated January 27, 2009, the Court of Appeal in Arnhem, the Netherlands, recognized that part of the claim related to costs and expenses could be awarded but the Court further stated that reticence must be observed in awarding compensation for loss of profits. Court appearance is adjourned.
* In 2007, certain former employees of NXP Semiconductors France SAS employed by a subsidiary of the DSP Group, Inc. filed a claim against NXP Semiconductors France SAS before the Tribunal de Grande Instance in an emergency procedure (procédure de référé) to demand re-integration within NXP Semiconductors France SAS, following the closure of the DSP Group's activities in France and the consequent termination of their employment agreements. The claim was rejected by the Tribunal de Grande Instance. The employees concerned then brought the same claim before the Social Court (Conseil de Prud'hommes) in Caen which, on April 27, 2010, also ruled in favor of NXP Semiconductors France SAS. The claimants filed for an appeal in last resort on May 18, 2010, which is still pending.
* ILM Technologies France S.à.r.l. and AMO Consulting S.à.r.l. filed a complaint against NXP Semiconductors France SAS with the Commercial Court (Tribunal de Commerce) of Mans, in France, in November 2007 for breach of a services contract without cause. ILM Technologies France S.à.r.l. and AMO Consulting S.à.r.l. lost the case in first instance on March 30, 2009 and, in appeal on October 19, 2010, before the Court of Appeal (Cour d'Appel) in Angers, France. ILM Technologies France S.à r.l and AMO Consulting S.à r.l. filed for appeal in last resort with the Supreme Court (Cour de Cassation), which is still pending.

In addition, on January 7, 2009, the European Commission issued a release in which it confirmed it had started an investigation in the smart card chip sector. The European Commission has reason to believe that the companies concerned may have violated European Union competition rules prohibiting certain practices such as price fixing, customer allocation and the exchange of commercially sensitive information. As one of the companies active in the smart card chip sector, NXP is subject to this ongoing investigation and is assisting the regulatory authorities in this investigation. The investigation is in its initial stage and it is currently not possible to reliably estimate its outcome.

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. As at December 31, 2011, 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 $20 million.

32 Stockholders' equity

The Company amended its Articles of Association on August 2, 2010 in order to effect a 1-for-20 reverse stock split of its shares of common stock. As a consequence, the number of shares outstanding on August 2, 2010 (4,305,030,000 shares) has been adjusted to 215,251,500 shares. The exercise price and the number of shares of common stock issuable under the Company's share-based compensation plans were proportionately adjusted to reflect the reverse stock split. Basic and diluted weighted average shares outstanding and earnings per share have been calculated to reflect the reverse stock split in all periods presented. The share capital of the Company as of December 31, 2011 and 2010 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.

In 2010, the Company completed its initial public offering of 34 million shares of common stock, priced at $14 per share, resulting in net proceeds of $448 million, after deducting underwriting discounts and commissions and offering expenses totaling $28 million. As a result, the number of common shares increased from 215,251,500 shares to 249,251,500 shares. In connection with long-term equity incentive plans introduced in November 2010 and 2011, the Company has issued a total number of 2,500,000 additional shares of common stock.

At December 31, 2011, the Company has issued and paid up 251,751,500 shares (2010: 250,751,500 shares) of common stock each having a par value of €0.20 or a nominal stock capital of €50 million.

Option rights/restricted share units/equity rights

The Company has granted stock options, restricted share units and equity rights to the employees of NXP B.V. and its subsidiaries to receive the Company's shares or depository receipts in the future (see note 34, "Share-based compensation").

Treasury shares

In connection with the Company's share repurchase programs, which started in 2011, shares which have been repurchased and are held in treasury for delivery upon exercise of options and under restricted 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.

Any difference between the cost and the cash received at the time treasury shares are issued, is recorded in capital in excess of par value, except in the situation in which the cash received is lower than cost and capital in excess of par value related to gains arising from previous sales have been depleted.

The following transactions took place resulting from employee option and share plans in 2011:

	2011
Shares with “Stichting”	**2,299,996**
Average price in $ per share	**0.28**
Amount paid	**—**
Shares acquired under repurchase program	**3,389,480**
Average price in $ per share	**16.95**
Amount paid	**57**
Shares delivered	**1,774,332**
Average price in $ per share	**—**
Amount received	**10**
Total shares in treasury at year-end	**3,915,144**
Total cost	**57**

33 Related-party transactions

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

Advisory Services Agreements

The members of the Private Equity Consortium provide certain advisory services to NXP Semiconductors N.V. We have entered into separate agreements in this regard with the respective parties, under which each of the various legal entities receive an annual advisory fee of $25,000 (with an aggregate total amount of $125,000 annually).

Shareholders’ Agreement

Prior to the consummation of the initial public offering of NXP Semiconductors N.V. in August 2010, the members of the Private Equity Consortium restructured their indirect shareholding in the common stock of NXP Semiconductors N.V. such that each of them holds directly, or indirectly through a separate Luxembourg holding company, shares of its common stock. At the same time, KASLION Holding B.V. ceased to hold shares of common stock of NXP Semiconductors N.V. In connection with this restructuring, the members of the Private Equity Consortium, Philips and the Management Foundation (together, the “Existing Shareholders”) entered into a new shareholders’ agreement among themselves, which replaced the shareholders’ agreement entered into on September 29, 2006. We are not a party to the new shareholders’ agreement.

Intellectual Property Transfer and License Agreement

The Intellectual Property Transfer and License Agreement dated September 28, 2006, which we refer to as the “IP Agreement”, governs the licensing of certain intellectual property from Philips to us and from us to Philips. Under the terms of this agreement, Philips assigned to us approximately 5,300 patent families. The IP Agreement also provides for certain design and processing requirements with respect to a very limited number of patents, the so-called phase change memory patents, which provide that if we fail to exploit these patents within five years, we must reassign them to Philips. If we are required to re-assign patents, we will receive a non-transferable, royalty-free irrevocable license to use such patents following the re-assignment.

In addition to assigning patents to us, Philips has granted us a non-exclusive, royalty-free and irrevocable license to all patents that Philips held but did not assign to us, to the extent that they were entitled to the benefit of a filing date prior to the separation between us and Philips and for which Philips was free to grant licenses to third parties without the consent of or accounting to any third party other than an entity owned or controlled by Philips or us and to certain know-how that was available to us, where such patents and know-how relate: (1) to our products and technologies, as of September 29, 2006, as well as successor products and technologies, (2) to technology that was developed for us prior to the separation between us and Philips, and (3) to technology developed pursuant to contract research work co-funded by us. Philips has also granted us a non exclusive, royalty free and irrevocable license (1) under certain patents for use in giant magneto-resistive devices outside the field of healthcare and bio applications, and (2) under certain patents relevant to polymer electronics resulting from contract research work co-funded by us in the field of radio frequency identification tags. This license is subject to exclusions. The license does not cover (1) patents which are necessary for the implementation of an adopted standard, (2) patents which as of September 29, 2006, were used or will be used by Philips in industry-wide licensing programs of

which Philips has informed us in writing, (3) patents and know-how relating to 3D applications, or (4) unless originating from work co-funded by us or generated by our employees, patents for solid state lighting applications. The license is non-transferable (although divested companies will have an option, under certain circumstances, to enter into a new license agreement with Philips) but includes certain rights to grant sublicenses and to have products made by third party manufacturers ("have-made rights"). The license is subject to certain prior commitments and prior undertakings. In return, we granted Philips a non-exclusive, royalty-free, irrevocable license under all patents and know-how that Philips assigned and transferred to us under the IP Agreement. This license is non-transferable and includes specified sub-license and have-made rights. In particular Philips has been granted the right to have products made by third party manufacturers, solely for the account of, and use or resale by, Philips. Philips also has the right to grant sub-licenses for (a) integrated circuits and discretes, miniature loudspeakers, kits or RF front-end solutions and other products, (b) for features that are designed by or exclusively for Philips, (c) to third party manufacturers, that have obtained a right to make products for Philips for the duration of such manufacturer delivering such products to Philips, enabling such manufacturer to supply such products to third parties for the same applications as used by Philips after expiration of the lead times as agreed between Philips and the supplier. Philips is furthermore entitled to grant sub-licenses (1) to third parties insofar as necessary to enable primarily technology co-operations and to license software to third parties other than customers, (2) to third parties, with whom Philips or any of its associated companies has entered or will enter into cross-license agreements and to which we or any of our associated companies become a party and (3) insofar as necessary for the sale or licensing, directly or indirectly, of services, software and/or IP blocks by Philips.

Philips has granted us a non-transferable, non-exclusive, royalty-free, irrevocable license to use any software retained by it within the scope of our business to the extent such software was available to us at the closing of our separation and to the extent necessary for the sale of existing products supplied by us at the time of the separation. This license includes the right to modify and create derivative works and the right to grant sublicenses in the context of, and to the extent necessary for, the marketing or supplying of certain products supplied by us on the date of the closing of our separation. In return, we have granted Philips a cross-license with respect to all software rights that Philips has assigned or transferred to us.

Under the IP Agreement, Philips has also assigned to us certain copyrights, know-how, trademarks and domain names as well as certain patent license and patent ownership agreements. The copyrights assigned include all copyrights relating to integrated circuits and discrete semiconductors, miniature loudspeakers, kits and radio frequency front-end solutions that historically have been marketed by or developed by, or exclusively for, our business and any drawings and documentation relating to such products. The business know-how assigned includes know-how that originated within Philips but is used or intended to be used primarily within our business. The trademarks and domain names assigned include Nexperia® and TriMedia®.

In accordance with the IP Agreement, we have ceased using the term "Philips" as a brand name or trade name without Philips' consent. This includes the use of the Philips trademark and logo, and any derivative or combination mark. We are, however, permitted under certain circumstances to use the tag "founded by Philips" in accordance with Philips' guidelines for a period of five years after our separation from Philips. This period lapsed in September 2011.

Secondary Offering

On March 31, 2011, certain of our stockholders offered 30 million shares of our common stock, priced at $30.00 per share. The offering's underwriters' 30-day option to purchase up to 4,431,000 additional shares of common stock at the secondary offering price was fully exercised on March 31, 2011. The Company did not receive any proceeds from this secondary offering. The settlement date for the offering was April 5, 2011.

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 only material alliance partner with whom we have entered into transactions is Trident.

The following table presents the amounts related to revenue and expenses incurred in transactions with these related parties:

	2009	2010	2011
Revenue	25	292	**133**
Purchase of goods and services	98	139	**137**

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

	2010	2011
Receivables (net)	19	**20**
Payables	20	**38**

On September 7, 2010, Philips Pension Trustees Limited purchased Philips' 42,715,650 shares of common stock in the Company ("Transfer Shares") in a private transaction. In a subsequent private transaction, on October 29, 2010, PPTL Investment LP purchased the Transfer Shares from Philips Pension Trustees Limited by way of a transfer agreement, to which also Philips is a party ("Amended Transfer Agreement"). PPTL Investment LP acquired the Transfer Shares for the purpose of owning and managing such assets as may be contributed to Philips Pension Trustees Limited. In the secondary offering of shares of common stock in the Company, consummated on April 5, 2011, PPTL Investment LP sold 7,182,436 shares of common stock. In addition, on July 6, 2011, PPTL Investment LP entered into a sales plan with a broker in order to enable the disposition of up to 2.5 million shares of common stock within a three-month period and on November 1, 2011, it entered into a sales plan to dispose of up to 2,515,915 shares of common stock in a three-month period. On February 17, 2012, PPTL Investment LP entered into a sales plan with a broker in order to enable the disposition of up to 4,940,316 shares of common stock within a three-month period.

Since October, 2006 selected members of our management purchased approximately 550,000 rights to common shares of the Company. These rights to shares have been purchased at a price estimated to be fair market value and in the aggregate represent a beneficial interest in the Company of approximately 0.25%. In March 2011, these rights to shares have been converted to shares of common stock and are freely tradable as of the conversion.

34 Share-based compensation

We record share-based compensation arrangements in accordance with ASC 718 "Compensation—Stock Compensation". All share-based payments, including grants of stock options, performance share units, restricted share units and equity rights are recognized in our consolidated financial statements based upon their respective grant date fair value.

Share-based compensation plans for employees were introduced in 2007. Subsequent to becoming a listed company in August 2010, the Company introduced additional share-based compensation plans for eligible employees since November 2010. The plans introduced since November 2010 are referred to as the "Post-IPO Plans" and the plans introduced prior to November 2010 are referred to as the "Pre-IPO Plans".

Post-IPO Plan

After NXP Semiconductors N.V. became a publicly listed company in August 2010, additional share-based payment programs were launched since November 2010. Under these programs performance shares, stock options and restricted shares were granted to eligible employees. 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 with the Black-Scholes-Merton 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, as given our equity shares have been publicly traded for only a limited period of time we do not have sufficient historical exercise data;
- a risk-free interest rate varying from 1.2% to 2.78% (2010 grant 1.67%);
- no expected dividend payments; and
- a volatility of 45% 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.

The requisite service period for the stock options is 4 years and for performance share units and restricted share units this is 3 years.

A charge of $17 million was recorded in 2011 for Post-IPO Plans (2010: $2 million).

A summary of the status of NXP Semiconductor's Post-IPO stock options and share rights and changes during 2011 and 2010 is presented below.

Stock options

	2010		2011	
	Stock options	Weighted average exercise price in USD	Stock options	Weighted average exercise price in USD
Outstanding at January 1	—	—	**3,749,932**	**13.27**
Granted	3,749,932	13.27	**4,045,537**	**17.35**
Exercised	—	—	**(71,542)**	**13.27**
Forfeited	—	—	**(357,019)**	**13.65**
Outstanding at December 31	3,749,932	13.27	**7,366,908**	**15.49**

The weighted average grant date fair value of stock options per share granted in 2011 was $7.81 (2010: $6.04).

The intrinsic value of the exercised options was $0.3 million, whereas the amount received by NXP was $1 million.

The number of vested stock options at December 31, 2011 is 853,732 (2010 was nil).

At December 31, 2011, there was a total of $38 million of unrecognized compensation cost related to non-vested stock options. This cost is expected to be recognized over a weighted-average period of 3.5 years (2010: 3.8 years).

The outstanding options issued under the Post-IPO Plans are categorized by exercise price as follows:

USD-denominated

Year granted	Exercise price	Shares	Intrinsic value in millions	Weighted average remaining contractual term
2011	25.01	86,492	—	9.1
2011	31.81	65,330	—	9.3
2011	19.78	95,303	—	9.6
2011	16.84	3,791,052	—	9.8
2010	13.27	3,328,731	$ 7	8.8

The aggregate intrinsic value in the tables and text above represents the total pretax intrinsic value (the difference between the Company's closing stock price on the last trading day of 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders if the options had been exercised on December 31, 2011.

Performance share units

	2010		2011	
	Shares	Weighted average grant date fair value in USD	Shares	Weighted average grant date fair value in USD
Outstanding at January 1	—	—	**846,819**	**13.27**
Granted	846,819	13.27	**987,225**	**17.38**
Vested	—	—	**(249,962)**	**13.27**
Forfeited	—	—	**(96,933)**	**13.27**
Outstanding at December 31	846,819	13.27	**1,487,149**	**16.00**

The weighted average grant date fair value of performance share units granted in 2011 was $17.38 (2010: $13.27). The number of vested performance share units at December 31, 2011 is 249,962 (2010 was nil). The fair value of the performance share units at the time of vesting was $4 million.

At December 31, 2011, there was a total of $19 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 2.5 years.

Restricted share units

	2010		2011	
	Shares	Weighted average grant date fair value in USD	Shares	Weighted average grant date fair value in USD
Outstanding at January 1	—	—	**1,283,295**	**13.27**
Granted	1,283,295	13.27	**1,571,236**	**17.52**
Vested	—	—	**(400,835)**	**13.27**
Forfeited	—	—	**(92,890)**	**13.81**
Outstanding at December 31	1,283,295	13.27	**2,360,806**	**16.08**

The weighted average grant date fair value of restricted share units granted in 2011 was $17.52 (2010: $13.27). The number of vested restricted share units at December 31, 2011 is 400,835 (2010 was nil). The fair value of the restricted share units at the time of vesting was $7 million.

At December 31, 2011, there was a total of $31 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 2.5 years.

Pre-IPO Plans

Under these plans, stock options were issued to certain employees of the Company. In addition, certain members of our management have the right to purchase depository receipts of shares of common stock of NXP Semiconductors N.V. upon exercise and payment of the exercise price, after these rights have vested and only upon a sale of shares by the Private Equity Consortium or upon a change of control (in particular, the Private Equity Consortium no longer jointly holding at least 30% of our common stock). In addition, exercise of stock options is also contingent upon a sale of shares by the Private Equity Consortium or upon a change of control as defined above.

The exercise prices of stock options granted in 2007 and 2008 range from €20.00 to €50.00 after taking into account the reverse stock split in August, 2010. Also, equity rights were granted to certain non-executive employees containing the right to acquire our shares of common stock for no consideration after the rights have vested and upon a change of control (in particular, the Private Equity Consortium no longer jointly holding 30% of our common stock).

Since none of our stock options, equity rights or shares of common stock were traded on any stock exchange until August 2010, and exercise is dependent upon certain conditions, employees can receive no value nor derive any benefit from holding these options or rights without the fulfillment of the conditions for exercise. We have concluded that the fair value of the share-based payments could best be estimated by the use of a binomial option-pricing model because such model takes into account the various conditions and subjective assumptions that determine the estimated value. In addition to the estimated value of the Company based on projected cash flows, the assumptions used were:

- Expected life of the options and equity rights is calculated as the difference between the grant dates and an exercise triggering event not before the end of 2011. For the options granted under the Pre-IPO Plans, expected lives varying from 4.25 to 3 years have been assumed;
- Risk-free interest rate, varying from 4.1% to 1.6%;
- Expected asset volatility, varying from 27% to 38% (based on the average volatility of comparable companies over an equivalent period from valuation date to exit date);
- Dividend pay-out ratio of nil;
- Lack of marketability discounts of 26% to 35%;
- The Business Economic Value of the Company based on projected discounted cash flows as derived from our business plan for the next 3 years, extrapolated until 2021 with 3% terminal growth rates (the discount factor was based on a weighted average cost of capital of 12.4%).

Because the options and rights are not traded, an option-based approach (the Finnerty model) was used to calculate an appropriate discount for lack of marketability. The expected life of the options and rights is an estimate based on the time period private equity on average takes to liquidate its investment. The volatility assumption has been based on the average volatility of comparable companies over an equivalent period from valuation date to exit date.

In May 2009, we executed a stock option exchange program for stock options granted up till that date, and which were estimated to be deeply out of the money. Under this stock option exchange program, stock options with new exercise prices,

different volumes and, in certain cases, revised vesting schedules, were granted to eligible individuals, in exchange for their owned stock options. By accepting the new stock options all stock options (vested and unvested) owned by the eligible individuals were cancelled. The number of employees eligible for and affected by the stock option exchange program was approximately 120. Since May 2009, stock options have been granted to eligible individuals under the revised stock options program. The exercise prices of these stock options ranged from €2.00 to €40.00. No modifications occurred with respect to the equity rights of the non-executive employees.

In accordance with the provisions of ASC 718, the unrecognized portion of the compensation costs of the cancelled options continues to be recognized over their remaining requisite vesting period. For the replacement options the incremental compensation costs are determined as the difference between the fair value of the cancelled options immediately before the grant date of the replacement options and the fair value of these replacement options at the grant date. This incremental compensation cost will be recognized over a weighted average period of 2.0 years.

A charge of $14 million was recorded in 2011 (2010: $10 million, 2009: $19 million) for Pre-IPO Plans, of which $6 million related to incremental compensation costs for the modified stock option scheme (2010: $6 million; 2009 $2 million).

The requisite service period for stock options is 4 years.

The following table summarizes the information about outstanding NXP Semiconductor's Pre-IPO stock options and changes during 2010 and 2011.

Stock options

	2010		2011	
	Stock options	Weighted average exercise price in EUR	Stock options	Weighted average exercise price in EUR
Outstanding at January 1	18,967,153	23.60	**18,050,123**	**23.30**
Granted	1,255,977	22.60	**—**	**—**
Exercised	—	—	**(1,051,993)**	**6.61**
Forfeited	(2,173,007)	25.51	**(869,934)**	**22.08**
Outstanding at December 31	18,050,123	23.30	**16,128,196**	**24.46**

The exercise prices range from €2.00 to €50.00

The intrinsic value of exercised options was $19 million, whereas the amount received by NXP was $9 million.

The number of vested options at December 31, 2011 was 12,194,166 (2010: 12,092,954 vested options) with a weighted average exercise price of €25.78 (2010: €15.19 weighted average exercise price).

Upon completion of the secondary offering on April 5, 2011, in total up to 22% of the options under the Pre-IPO Plans became exercisable, subject to the applicable laws and regulations.

	Weighted average fair value in EUR
Weighted average grant-date fair value in euro of options granted during:	
2010	1.20
2009	1.80

None of the options will expire as a result of exceeding the maximum contractual term because such maximum term is not applicable.

The outstanding options issued under the Pre-IPO plans are categorized by exercise prices as follows:

EUR-denominated

exercise price	Shares	Intrinsic value in millions
2.00 – 9.50	1, 621,567	20
15.00	5,417,961	—
20.00	1,479,889	—
30.00	3,173,527	—
40.00	3,714,612	—
50.00	720,640	—
	16,128,196	20

The aggregate intrinsic value in the tables and text above represents the total pretax intrinsic value (the difference between the Company's closing stock price on the last trading day of 2011 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders if the options had been exercised on December 31, 2011.

At December 31, 2011, a total of $4 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 year.

A summary of the status of NXP Semiconductors' Pre-IPO equity rights and changes during 2011and 2010 is presented below. All equity rights have an exercise price of nil.

Equity rights

	2010		2011	
	Shares	Weighted average grant date fair value in EUR	Shares	Weighted average grant date fair value in EUR
Outstanding at January 1	603,282	8.40	**472,742**	**9.13**
Granted	—	—	**—**	**—**
Exercised	—	—	**—**	**—**
Forfeited	(130,540)	5.80	**(28,347)**	**5.80**
Outstanding at December 31	472,742	9.13	**444,395**	**9.34**

In 2011 and 2010 there were no new equity rights issued. The number of vested equity rights at December 31, 2011 was 444,395 (December 31, 2010: 218,740).

At December 31, 2011, no amount of unrecognized compensation cost related to non-vested equity rights remains.

None of the equity rights are currently exercisable and none of the equity rights will expire as a result of exceeding the maximum contractual term because such maximum term is not applicable to these instruments.

35 Cash and cash equivalents

At December 31, 2011, our cash balance was $743 million (2010: $898 million), of which $261 million (2010: $338 million) was held by SSMC, our joint venture company with TSMC. A portion of this cash can be distributed by way of dividend to us, but 39% of the dividend will be paid to our joint venture partner as well. In 2011, there was a dividend distribution from SSMC amounting to $170 million of which $66 million was paid to TSMC.

36 Assets received in lieu of cash from the sale of businesses

In 2010, shares in Trident were obtained by our wholly-owned subsidiary NXP B.V. upon completion of the transaction to sell the digital television and set-top-box business to Trident Microsystems, Inc. (valued at $177 million, based on the quoted market price at the transaction date).

In 2009, shares and options were obtained upon completion of the strategic alliance with Virage Logic Corporation ($15 million).

37 Fair value of financial assets and liabilities

The estimated fair value of financial instruments has been determined by the Company using available market information and appropriate valuation methods. The estimates presented are not necessarily indicative of the amounts that the Company could realize in a current market exchange or the value that will ultimately be realized by the Company upon maturity or disposal. The use of different market assumptions and/or estimation methods may have a material effect on the estimated fair value amounts.

ASC 820 “Fair Value Measurements” requires quantitative disclosure for financial assets and liabilities that are measured at fair value on a recurring basis. In the table below under the column captioned “Fair value hierarchy”, the indicated level explains how fair value measurements have been arrived at.

- Level 1 measures fair value based on quoted prices in active markets for identical assets or liabilities;
- Level 2 measures fair value based on significant other observable inputs such as quoted prices for similar assets or liabilities in markets, observable interest rates or yield curves, etc.;
- Level 3 measures of fair value are based on unobservable inputs such as internally developed or used techniques.

		December 31, 2010		December 31, 2011	
	Fair value hierarchy[1)]	Carrying amount	Estimated fair value	Carrying amount	Estimated fair value
Assets:					
Other financial assets[2)]	2	19	19	**17**	**17**
Derivative instruments-assets[2)]	2	4	4	**2**	**2**
Liabilities:					
Short-term debt	2	(423)	(423)	**(52)**	**(52)**
Long-term debt (bonds)	1	(4,104)	(4,361)	**(3,122)**	**(3,296)**
Long-term debt (bonds) [3)]	2	—	—	**(606)**	**(609)**
Other long-term debt	2	(24)	(24)	**(19)**	**(19)**
Derivative instruments-liabilities[2)]	2	(6)	(6)	**(3)**	**(3)**

1) Transfers between the levels of fair value hierarchy are recognized when a change in circumstances would require it. There were no transfers during the reporting periods presented in the table above.
2) Represent assets and liabilities measured at fair value on a recurring basis.
3) Represent bonds which are privately held (floating rate secured notes 2016).

For the fair value measurements of pension plan assets, and projected benefit obligations under these defined benefit plans see note 24, “Pensions”.

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

Other financial assets

For other financial assets, fair value is based upon significant other observable inputs depending on the nature of the other financial asset.

Debt

The fair value is estimated on the basis of the quoted market prices for certain issues, or on the basis of discounted cash flow analyses based upon the incremental borrowing rates for similar types of borrowing arrangements with comparable terms and maturities. Accrued interest is included under accounts payable and not within the carrying amount or estimated fair value of debt.

38 Other financial instruments, derivatives and currency risk

The Company does not purchase or hold financial derivative instruments for trading purposes. Assets and liabilities related to derivative instruments are disclosed in note 16, “Other current assets” and note 22, “Accrued liabilities”. Currency fluctuations may impact the Company’s financial results. The Company has a structural currency mismatch between costs and revenue, as a high proportion of its production, administration and research and development costs is denominated in euro while a higher proportion of its revenue is denominated in U.S. dollars or U.S. dollar-related currencies. 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 income as well depending on the exchange rate movement between the euro and U.S. dollar.

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. 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.

Changes in the fair value of foreign currency accounts receivable/payable as well as changes in the fair value of the hedges of accounts receivable/payable are reported in the statement of operations under cost of revenue. Cash flow hedge accounting for foreign currency risk is not applied. In addition, the U.S. dollar-denominated debt held by our Dutch subsidiary with functional currency euro which may generate adverse currency results in our financial income and expenses, has been partly mitigated by the application of net investment hedge accounting. In accordance with the provisions in ASC 815, "Derivatives and Hedging", the Company has begun to apply net investment hedging since May 2011. The U.S. dollar exposure of our net investment in U.S. dollar functional currency subsidiaries of $1.7 billion has been hedged by our U.S. dollar denominated bonds. These instruments are assumed to be highly effective. Foreign currency gains or losses on these U.S. dollar bonds that are 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.

Derivative instruments relate to

- hedged balance sheet items,
- hedged anticipated currency exposures with a duration of up to 12 months.

The fair value of our derivative assets at the end of 2011 amounted to $2 million (2010: $4 million) whereas the fair value of our derivative liabilities amounted to $3 million (2010: $6 million) and are included in other current assets and accrued liabilities, respectively, in the consolidated balance sheets.

Currency risk

A higher proportion of our revenue is in U.S. dollars or U.S. dollar-related currencies, compared to our costs. Accordingly, our results of operations may be affected by changes in foreign currency exchange rates, particularly between the euro and U.S. dollar. A strengthening of the euro against U.S. dollar during any reporting period will reduce operating income of the Company.

It is the Company's policy that transaction exposures are hedged. 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.

Committed foreign currency exposures are required to be fully hedged using forward contracts. The net exposures related to anticipated transactions are hedged with a combination of forward transactions up to a maximum tenor of 12 months and a cash position in both euro and U.S. dollar. The U.S. dollar bonds serve as a hedge on the U.S. dollar net investment basis held by the euro functional currency entity to align the accounting with the economic reality. 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 our U.S. dollar-denominated notes. As a result in 2011 a charge of $203 million was recorded in other comprehensive income, relating to the foreign currency result on the U.S. dollar 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 within financial income (expense) in the consolidated statement of operations. No amounts resulting from ineffectiveness of net investment hedge accounting were recognized in the consolidated statement of operations in 2011.

The table below outlines the foreign currency transactions outstanding per December 31, 2011:

($ in millions)	Aggregate Contract Amount buy/(sell)[1]	Weighted Average Tenor (in months)	Currency Risk
Foreign currency forward contracts[1] [2]:			
U.S. dollar / Euro	**6.6**	**1.4**	**(1.0)**
Pound Sterling / U.S. dollar	**8.2**	**2.6**	**(0.2)**
Pound Sterling / Euro	**4.0**	**1.4**	**0.0**
Japanese Yen / Euro	**9.5**	**1.1**	**0.0**
Singapore dollar / U.S. dollar	**23.5**	**2.4**	**(0.3)**
Taiwan dollar / U.S. dollar	**20.0**	**1.2**	**(0.0)**
Thai Baht / U.S. dollar	**4.0**	**0.2**	**(0.0)**
Singapore dollar / Euro	**2.0**	**1.4**	**0.0**
Swiss franc / Euro	**0.8**	**1.4**	**0.0**
Japanese Yen / U.S. dollar	**0.3**	**0.4**	**0.0**
Indian Rupee / U.S. dollar	**0.2**	**1.8**	**0.0**

(1) U.S. dollar equivalent

(2) Excluding the fair value of short-term liquidity swap transactions which were not material

Interest rate risk

The Company has significant outstanding debt, which creates an inherent interest rate risk. On October 12, 2006, the Company issued several series of notes with maturities ranging from 7 to 9 years and a mix of floating and fixed rates. Through a combination of several private and open market transactions the long-term debt level was reduced during 2009. We also did a private offer to exchange existing unsecured and secured notes for new U.S. dollar and euro-denominated super priority notes. In 2011, our long-term debt level decreased by $381 million through various long term debt financing transactions, open market transactions and exchange rate differences. All outstanding 2014 Dollar Fixed Rate Notes were redeemed for $362 million.

A covenant term loan due in 2017 was issued for $500 million whereas $100 million of 2013 Dollar Floating Rate Secured Notes together with €143 million of 2013 Euro Floating Rate Secured Notes were redeemed. Several open market transactions led to a reduction in principal amount of: Euro denominated Senior Notes 2015 of €32 million, U.S. dollar denominated Senior Notes 2015 of $96 million and U.S. dollar denominated Senior Secured Notes 2018 of $78 million.

In a private transaction, $615 million of Floating Rate Secured Notes 2016 were issued in exchange for €202 million of Euro Floating Rate Secured Notes 2013, $257 million of USD Floating Rate Secured Notes 2013 and cash consideration of $71 million, the latter which has been used in combination with cash to redeem $76 million of USD Floating Rate Secured Notes 2013.

A second covenant term loan due in 2017 for $500 million was issued and used to redeem $275 million of USD Floating Rate Secured Notes 2013 and €150 million of EUR Floating Rate Secured Notes 2013

The euro and U.S. dollar-denominated notes outstanding on December 31, 2011 represent 13% and 87%, respectively, of the total notes outstanding.

The following table summarizes the outstanding notes as of December 31, 2011:

	Principal amount*	Fixed/ floating	Current coupon rate	Maturity date
Super Priority Notes	€ 29	Fixed	10.0%	2013
Super Priority Notes	$ 221	Fixed	10.0%	2013
Senior Secured Notes	$ 922	Fixed	9.75%	2018
Senior Secured Notes	$ 615	Floating	5.93%	2016
Senior Secured Notes	€ 142	Floating	4.32%	2013
Senior Secured Notes	$ 58	Floating	3.15%	2013
Senior Notes	€ 203	Fixed	8.63%	2015
Senior Notes	$ 510	Fixed	9.50%	2015
2017 Term Loan Tranche 1	$ 496	Floating	4.50%	2017
2017 Term Loan Tranche 2	$ 499	Floating	5.50%	2017

* amount in millions

A sensitivity analysis in relation to our long-term debt shows that if interest rates were to increase by 1% from the level of December 31, 2011 with all other variables held constant, the annualized interest expense would increase by $14 million. If interest rates were to decrease by 1% from the level of December 31, 2011 with all other variables held constant, the annualized interest expense would decrease by $9 million. This impact is based on the outstanding debt position as of December 31, 2011.

39 Subsequent events

On February 16, 2012, we announced that our subsidiaries, NXP B.V. and NXP Funding LLC, entered into the 2019 Term Loan. The transaction is scheduled to fund on or before March 19, 2012. This new long-term debt has a seven year maturity, has a margin of 4% above LIBOR, with a LIBOR floor of 1.25%, and was priced at 98.5% of par. The covenants of the 2019 Term Loan are substantially the same as those contained in our 2017 Terms Loans. We intend to use the proceeds from the 2019 Term Loan, together with available borrowing capacity under the Revolving Credit Facility, to redeem all of our outstanding euro-denominated 8 5/8% Senior Notes due October 2015 and U.S. dollar-denominated 9 1/2% Senior Notes due October 2015, for a total amount of approximately $775 million.

On January 4, 2012, Trident Microsystems, Inc., of which we currently hold 57% of the stock, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code. Although the outcome of the procedure is difficult to determine at this date, it has been announced that Trident and Entropic Communications Inc. (“Entropic”) have reached an agreement on the sale of Trident’s set-top-box business (which constituted part of the consideration we used to purchase its common stock) to Entropic. At this time, the long-term impact to revenue associated with manufacturing services provided and goods supplied by NXP to Trident group companies, and potentially to Entropic, is not known.

$500,000,000
SECURED TERM CREDIT AGREEMENT

Dated as of 4 March 2011

among

NXP B.V.,

NXP FUNDING LLC,
as the Borrowers

The Several Lenders
from Time to Time Parties Hereto

MORGAN STANLEY SENIOR FUNDING, INC.,
as Global Collateral Agent

MIZUHO CORPORATE BANK, LTD.,
as Taiwan Collateral Agent

BARCLAYS BANK PLC,
as Administrative Agent

BARCLAYS CAPITAL,
as Sole Lead Arranger and Sole Bookrunner

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CREDIT AGREEMENT dated as of March 4, 2011, among NXP B.V. with its corporate seat in Eindhoven, the Netherlands (the "Company"), NXP FUNDING LLC (the "Co-Borrower"), the lending institutions from time to time parties hereto (each a "Lender" and, collectively, the "Lenders"), Barclays Bank PLC, as Administrative Agent (in such capacity, the "Administrative Agent"), MORGAN STANLEY SENIOR FUNDING, INC., as Global Collateral Agent (in such capacity, the "Global Collateral Agent"), MIZUHO CORPORATE BANK, LTD., as Taiwan Collateral Agent (in such capacity, the "Taiwan Collateral Agent") and BARCLAYS CAPITAL (the investment banking division of Barclays Bank PLC) as Sole Lead Arranger (the "Sole Lead Arranger") and Sole Bookrunner (the "Sole Bookrunner").

WHEREAS, the Borrowers have requested that the Lenders extend credit in the form of Loans on the terms and conditions set forth in this Agreement;

WHEREAS, the proceeds of Loans will be used by the Borrowers on or after the Signing Date for general corporate purposes (including repaying certain Indebtedness); and

WHEREAS, the Lenders are willing to make available to the Borrowers Loans upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

SECTION 1. Definitions

1.1 Defined Terms. (a) As used herein, the following terms shall have the meanings specified in this Section 1.1 unless the context otherwise requires:

"ABR" shall mean for any day, a rate per annum (rounded upwards, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the LIBOR Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1.00%; provided that, for the avoidance of doubt, the LIBOR Rate for any day shall be based on the rate determined on the basis of the British Bankers' Association Interest Settlement Rate for Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the appropriate page of the Reuters screen as of 11:00 a.m. Any change in the ABR due to a change in the Prime Rate or the Federal Funds Effective Rate shall be effective as of the opening of business on the effective day of such change in the Prime Rate or the Federal Funds Effective Rate, respectively.

"ABR Loan" shall mean each loan bearing interest at the rate provided in Section 2.8(b).

"Acquired Indebtedness" means Indebtedness (a) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (b) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (c) of a Person at the time such Person merges with or into or

consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (a) on the date such Person becomes a Restricted Subsidiary and, with respect to clause (b) on the date of consummation of such acquisition of assets and, with respect to clause (c), on the date of the relevant merger, consolidation or other combination.

"Acquisition" means the acquisition pursuant to the Acquisition Agreement whereby Holdings acquired all of the Capital Stock of the Company.

"Acquisition Agreement" means the Stock Purchase Agreement (as amended from time to time in accordance therewith), dated as of September 29, 2006 between the Seller and Holdings (including all exhibits and schedules thereto).

"Acquisition Side Letter" means the letter dated as of September 29, 2006 between the Seller and Holdings in relation to the completion of the reorganization in Russia and Germany.

"Additional Assets" means:

(a) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(b) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(c) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Company.

"Additional Guarantors" means each Wholly Owned Subsidiary (other than the Original Guarantor) which are required to Guarantee the obligations of the Borrowers under this Agreement pursuant to the Guaranty and Section 9.11 of this Agreement.

"Adjusted Total Commitment" shall mean at any time the Total Commitment less the aggregate Commitments of all Defaulting Lenders.

"Administrative Agent's Office" shall mean in respect of all Loans, the office of the Administrative Agent located at 745 Seventh Avenue, New York, NY 10019, or such other office as the Administrative Agent may hereafter designate in writing as such to the other parties hereto.

"Administrative Questionnaire" shall have the meaning provided in Section 13.7(b)(ii)(D).

"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. For the avoidance of doubt, neither the Seller nor any of its subsidiaries, joint ventures or operations shall be deemed to be an "Affiliate" of the Company or any Restricted Subsidiary due solely to its ownership of Voting Stock of the Company or the presence of its or their nominee on the Board of Directors of the Company, in each case at the percentage level disclosed in the offering memorandum relating to the Senior Notes Offering.

"Affiliate Transactions" has the meaning given in Section 10.6(a).

"Agency Fee Letter" means the letter dated on or prior to the date hereof between the Administrative Agent and the Company setting out the fees of the Administrative Agent.

"Agent Parties" shall have the meaning provided in Section 13.20(c).

"Agents" shall mean the Sole Lead Arranger, the Sole Bookrunner, the Administrative Agent and each Collateral Agent.

"Agreed Security Principles" means the principles set forth on Schedule 1.1(a) as applied reasonably and in good faith by the Company.

"Applicable ABR Margin" shall mean with respect to any ABR Loan 2.25% per annum.

"Applicable LIBOR Margin" shall mean with respect to a LIBOR Loan 3.25% per annum.

"Approved Fund" shall have the meaning provided in Section 13.7(b).

"Arranger Fee Letter" means the letter dated on or prior to the date hereof between Barclays Bank PLC and the Company.

"ASMC" means Advanced Semiconductor Manufacturing Corporation of Shanghai and any successor business thereto and their respective subsidiaries, assets and businesses.

"Asset Disposition" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(a) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(b) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(c) a disposition of inventory or other assets in the ordinary course of business;

(d) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(e) transactions permitted under Section 10.9 or 10.10 or a transaction that constitutes a Change of Control;

(f) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(g) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than €30,000,000;

(h) any Restricted Payment that is permitted to be made, and is made, under Section 10.2 and the making of any Permitted Payment or Permitted Investment or, solely for purposes of Section 10.5(a)(iii), asset sales other than sales of securities or indebtedness of SSMC so long as it is not a Restricted Subsidiary, the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(i) dispositions in connection with Permitted Liens;

(j) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(k) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(l) foreclosure, condemnation or any similar action with respect to any property or other assets;

(m) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(n) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary (with the exception of (x) SSMC and (y) Investments in Unrestricted Subsidiaries acquired pursuant to clause (o) of the definition of Permitted Investments);

(o) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(p) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(q) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; provided, however, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole); provided, further, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (q) and dispositions pursuant to the corresponding provision in the Revolving Credit Agreement on or after the Original Closing Date but before the Signing Date does not exceed €50,000,000; and

(r) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by this Agreement.

"Assignment and Acceptance" shall mean an assignment and acceptance substantially in the form of Exhibit A.

"Associate" means (a) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (b) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"Authorized Officer" shall mean, with respect to any Person, the President, the Chief Executive Officer, the Chief Financial Officer, any Managing Director (if authorized to act individually), the Treasurer or any other senior officer (or two such officers if the Company so elects) of such Person authorized to represent such Person and designated as such in writing to the Administrative Agent by such Person.

"Availability Period" shall mean the period beginning on the Signing Date to and including April 6, 2011.

"Board" shall mean the Board of Governors of the Federal Reserve System of the United States (or any successor).

"Board of Directors" means (a) with respect to the Company or any Credit Party organized or established under the laws of the Netherlands (x) for the purposes of the definition of Change of Control only, its managing board or supervisory board (if any) and (y) for all other purposes, its managing board; (b) with respect to any corporation, the board of directors or managers, as applicable, of the corporation, or any duly authorized committee thereof; (c) 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 (d) 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).

"Borrower" means collectively the Company and the Co-Borrower.

"Borrowing" shall mean the incurrence of one Type of Loan on the Funding Date (or resulting from conversions on a given date thereafter) having in the case of LIBOR Loans the same Interest Period; provided that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of LIBOR Loans.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, United Kingdom and Amsterdam, The Netherlands, New York and:

(a) in relation to any date for payment or purchase of a currency other than Euro, the principal financial centre of the country of that currency; or

(b) in relation to any date for payment or purchase of Euro, any day on which the Trans-European Automated Real-time Gross Settlement Express Transfer ("TARGET") 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.

"Cash Equivalents" means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(b) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any Lender or by any bank or trust company (i) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (ii) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500,000,000;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (a) and (b) entered into with any bank meeting the qualifications specified in clause (b) above;

(d) commercial paper rated at the time of acquisition thereof at least "A-2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(e) readily marketable direct obligations issued by any state of the United States of America, any province of Canada, any member of the European Union, Switzerland or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(f) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(g) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(h) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (a) through (g) above; and

(i) for purposes of clause (b) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Company and its Subsidiaries on the Signing Date.

"Change in Law" shall mean (a) the adoption of any law, treaty, order, policy, rule or regulation after the date of this Agreement, (b) any change in any law, treaty, order, policy, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by the Lender with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi governmental authority (whether or not having the force of law) ; provided, however, that notwithstanding anything herein to the contrary, the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith shall be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

"Change of Control" means:

(a) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the Original Closing Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the Original Closing Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, provided that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(b) following the Initial Public Offering of the Company or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Company or any Parent or whose nomination for election by shareholders of the Company or any Parent, as applicable, was approved by a vote of the majority of such directors on the Board of Directors of the Company or any Parent then still in office who

were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent, then in office; or

(c) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Collateral" shall have the meaning provided in any Security Document. "Collateral Agency Agreement" means the Collateral Agency Agreement dated as of 29 September, 2006 among the Collateral Agents, the Borrowers, the Secured Parties and the Guarantors.

"Collateral Agent" means the Global Collateral Agent or the Taiwan Collateral Agent.

"Commitment" shall mean (a) with respect to each Lender that is a Lender on the date hereof, the amount set forth opposite such Lender's name on Schedule 1.1(b) as such Lender's "Commitment" and (b) in the case of any Lender that becomes a Lender after the date hereof, the amount specified as such Lender's "Commitment" in the Assignment and Acceptance pursuant to which such Lender assumed a portion of the Total Commitment, in each case of the same may be changed from time to time pursuant to terms hereof. The aggregate amount of the Commitments as of the date of this Agreement is $500,000,000.

"Commodity Hedging Agreements" means in respect of a Person any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"Communications" shall have the meaning provided in Section 13.20(a).

"Compliance Certificate" means a certificate in substantially the form set forth in Schedule 1.1(c).

"Confidential Information" shall have the meaning provided in Section 13.19.

"Consolidated EBITDA" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(a) Fixed Charges and items (D), (E) and (F) in clause (a) of the definition of Consolidated Interest Expense;

(b) Consolidated Income Taxes;

(c) consolidated depreciation expense;

(d) consolidated amortization expense;

(e) 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 Agreement (in each case whether or not successful) (including any such fees, expenses or charges related to the Original Transactions (including any expenses in connection with related due diligence activities)), in each case, as determined in good faith by an Officer of the Company;

(f) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(g) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by Section 10.6; and

(h) other non-cash charges, write-downs or items reducing Consolidated Net Income (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 (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write-downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"Consolidated Income Taxes" means 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 Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"Consolidated Interest Expense" means, with respect to any Person for any period, without duplication, the sum of:

(a) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added

back) in computing Consolidated Net Income (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 (A) accretion or accrual of discounted liabilities other than Indebtedness, (B) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (C) any additional interest pursuant to a registration rights agreement with respect to any securities, (D) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (E) any expensing of commitment and other financing fees, and (F) interest with respect to Indebtedness of any direct or indirect parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP; plus

(b) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; less

(c) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"Consolidated Leverage" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in Section 10.1(g)(iii)).

"Consolidated Leverage Ratio" means, as of any date of determination, the ratio of (a) Consolidated Leverage at such date to (b) 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 Company are available; provided, however, that for the purposes of calculating Consolidated EBITDA for such period, if, as of such date of determination:

(i) since the beginning of such period the Company or any Restricted 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 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 Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(ii) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted 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; and

(iii) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted Subsidiary since the beginning of such period) will have made any Sale or any Purchase that would have required an adjustment pursuant to clause (i) or (ii) above if made by the Company or a Restricted 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 definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and synergies) and (b) in determining the amount of 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 Indebtedness as if such transaction had occurred on the first day of the relevant period.

"Consolidated Net Income" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; provided, however, that there will not be included in such Consolidated Net Income:

(a) subject to the limitations contained in clause (c) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or (except in the case of SSMC so long as it is not a Restricted Subsidiary, but this exception shall only apply for the purposes of determining the amount available for Restricted Payments (other than Restricted Investments) under Section 10.2(c)(i) could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (b) below);

(b) solely for the purpose of determining the amount available for Restricted Payments under Section 10.2(a)(iv)(C)(1), any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (i) restrictions that have been waived or otherwise released, (ii) restrictions pursuant to this Agreement, the Revolving Credit Agreement, the Senior Notes or any Note Indenture, and (iii) restrictions specified in Section 10.4(b)(xi)), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(c) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(d) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge or any charges or reserves in respect of any restructuring, redundancy or severance or any expenses, charges, reserves or other costs related to the Original Transactions or the Transactions (including (i) in relation to expenses relating to consulting or operational improvement initiatives, (iii) expenses associated with the closing out of existing management equity programs and (iii) start-up and transaction costs);

(e) the cumulative effect of a change in accounting principles;

(f) 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;

(g) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(h) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(i) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(j) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Company or any Restricted Subsidiary owing to the Company or any Restricted Subsidiary;

(k) 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 Restricted Subsidiaries), as a result of the Original Transactions, the Transactions or the disentanglement, any consummated acquisition, or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(l) any goodwill or other intangible asset impairment charge or write-off;

(m) solely for the purpose of determining the amount available for Restricted Investments (but not other Restricted Payments) under Section 10.2(a)(iv)(C)(1): (i) only to the extent not otherwise added back to Consolidated Net Income, depreciation and amortization expense to the extent in excess of capital expenditures on property, plant and equipment and (ii) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(n) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"Consolidated Secured Leverage Ratio" means the Consolidated Leverage Ratio, but (a) calculated by excluding all Indebtedness other than Secured Indebtedness (except Secured Indebtedness Incurred pursuant to Section 10.1(b)(xiii) and secured only by assets in the applicable jurisdiction but, for the avoidance of doubt, including Indebtedness secured by Liens permitted under clause (u) of the definition of "Permitted Liens") and (b) calculating Consolidated EBITDA for the purposes of such definition as though (i) consolidated depreciation expense included such expense of the Company and its consolidated Subsidiaries attributable to SSMC and Jilin and (ii) consolidated amortization expense included such expense of the Company and its consolidated Subsidiaries attributable to SSMC and Jilin.

"Contingent Obligations" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("primary obligations") of any other Person (the "primary obligor"), including any obligation of such Person, whether or not contingent:

(a) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(b) to advance or supply funds:

(i) for the purchase or payment of any such primary obligation; or

(ii) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(c) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"Credit Documents" shall mean this Agreement, the Security Documents, the Guaranty (including any supplement thereto) and any promissory notes issued by any Borrower hereunder.

"Credit Facility" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including this 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 this 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 security documents). Without limiting the generality of the foregoing, the term "Credit Facility" shall include any agreement or instrument (a) changing the maturity of any Indebtedness Incurred thereunder or contemplated thereby, (b) adding Subsidiaries of the Company as additional borrowers or guarantors thereunder, (c) increasing the amount of Indebtedness Incurred thereunder or available to be borrowed thereunder or (d) otherwise altering the terms and conditions thereof.

"Credit Party" shall mean each Borrower, each Guarantor or any other Subsidiary of the Company that is a party to a Credit Document.

"Crolles" means the alliance previously operated by or to be operated by the Company and its Restricted Subsidiaries (and assets owned by the Company and its Restricted Subsidiaries that were deployed in such alliance, and activities undertaken by any of them as part of such alliance, which shall be deemed to be a part of Crolles) and any successor thereto.

"Currency Agreement" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"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 Credit Parties incorporated or organized in England or Wales, administration, administrative receivership, voluntary arrangement and schemes of arrangement).

"Default" shall mean any event, act or condition that with notice or lapse of time, or both, would constitute an Event of Default.

"Defaulting Lender" shall mean any Lender with respect to which a Lender Default is in effect.

"Designated Non-Cash Consideration" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is designated as Designated Non-Cash Consideration (or with respect to Asset Dispositions consummated on or after the Original Closing Date but before the Signing Date, was designated as "Designated Non-Cash Consideration" pursuant to the Secured Note Indenture) pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 10.5.

"Designated Preference Shares" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in Section 10.2(a)(iv)(C)(2).

"Disinterested Director" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"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:

(a) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(b) 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 Restricted Subsidiary); or

(c) 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 the Maturity Date; provided, however, that (x) 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 and (y) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 10.2.

"Enforcement Event" has the meaning given in the Collateral Agency Agreement.

"Environmental Law" shall mean any applicable Federal, state, foreign or local statute, Law, rule, regulation, ordinance, code and rule of common law now or hereafter in effect and in each case as amended, and any binding judicial or administrative interpretation thereof, including any binding judicial or administrative order, consent decree or judgment, relating to the protection of environment, including, without limitation, ambient air, surface water, groundwater, land surface and subsurface strata and natural resources such as wetlands, or human health or safety (to the extent relating to human exposure to hazardous materials), or hazardous materials.

"Equity Offering" means (a) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (b) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or any of its Restricted Subsidiaries.

"Escrowed Proceeds" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "Escrowed Proceeds" shall include any interest earned on the amounts held in escrow.

"Euro" and "€" means the lawful currency of Participating Member States.

"Euro Equivalent" shall mean, on any date of determination, (a) with respect to any amount denominated in Euro, such amount, and (b) with respect to any amount denominated in any Foreign Currency, the equivalent in Euro of such amount, determined by the Administrative Agent using the applicable Exchange Rate.

"Event of Default" shall have the meaning provided in Section 11.

"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.

"Exchange Rate" means for the purposes of Section 10, the spot rate for the purchase of the 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 the Company) on the date of such determination.

"Excluded Contribution" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the Signing Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company and to the extent not required to be used to prepay Loans.

"Excluded Taxes" shall mean, with respect to any Agent, any Lender or any Participant (a) (i) net income taxes and franchise taxes (imposed in lieu of net income taxes) and capital taxes imposed on such Agent, such Lender or such Participant, (ii) any Taxes imposed on such Agent, such Lender or such Participant as a result of such Agent, such Lender or such Participant doing business in the jurisdiction of the Governmental Authority imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from such Agent, such Lender or such Participant having executed, delivered or performed its obligations or received a payment under, or having been a party to (or participating in) or having enforced this Agreement or any other Credit Document), (iii) any Taxes imposed on such Lender (including a Lender not party to this Agreement at the Signing Date) to the extent attributable to such Lender's failure to comply with Section 5.3(d) and (iv) any Taxes imposed on such Agent, such Lender or such Participant as a result of the gross negligence or willful misconduct of any Agent or Lender and (b) in the case of a Lender not party to this Agreement at the Signing Date, any withholding tax that is imposed on amounts payable to such Lender by a Relevant Taxing Jurisdiction under the law in effect at the time such Lender becomes a party to this Agreement (or, in the case of a Participant not party to this Agreement at the Signing Date, on the date such Participant became a Participant hereunder); provided that this clause (b) shall not apply to the extent that (x) the indemnity payments or additional amounts any Lender (or Participant) would be entitled to receive (without regard to this clause (b) do not

exceed the indemnity payment or additional amounts that the person making the assignment, participation or transfer to such Lender (or Participant) would have been entitled to receive in the absence of such assignment, participation or transfer or (y) any Tax is imposed on a Lender in connection with an interest or participation in any Loan or other obligation that such Lender was required to acquire pursuant to Section 13.11(a) or that such Lender acquired pursuant to Section 13.8 (it being understood and agreed, for the avoidance of doubt, that any withholding tax imposed on a Lender as a result of a Change in Law occurring after the time such Lender became a party to this Agreement (or designates a new lending office) shall not be an Excluded Tax).

"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.

"Federal Funds Effective Rate" shall mean, for any day, the weighted average of the *per annum* rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) of the quotations for the day of such transactions received by the Administrative Agent from three federal funds brokers of recognized standing selected by it.

"Fee Letter" means the Agency Fee Letter and/ or the Arranger Fee Letter.

"Fees" shall mean all amounts payable pursuant to, or referred to in, Section 4.1.

"Fixed Charge Coverage Ratio" means, with respect to any Person on any determination date, the ratio of (x) Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to (y) the Fixed Charges of such Person for such four consecutive fiscal quarters. In the event that the Company or any Restricted Subsidiary Incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness Incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "Fixed Charge Coverage Ratio Calculation Date"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Company or any of its Restricted Subsidiaries, including the Original Transactions or the Transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be

calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including cost savings and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"Fixed Charges" means, with respect to any Person for any period, the sum of:

(a) Consolidated Interest Expense of such Person for such Period;

(b) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(c) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

"FMSA" means the Dutch Financial Markets Supervision Act (*Wet financieël toezicht*).

"Foreign Currency" shall mean any currency other than Euro.

"Forward Start Credit Agreement" means the €458,000,000 secured revolving credit agreement dated as of 10 May 2010, as amended, restated, modified, renewed, refunded, replaced, restructured, refinanced, repaid, increased or extended in whole or in part from time to

time with, amongst others, the lenders listed therein, Morgan Stanley Senior Funding Inc., as administrative agent and collateral agent and Barclays Capital, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (trading as Rabobank), Credit Suisse Securities (USA) LLC, Fortis Bank (Nederland) N.V., Goldman Sachs International, HSBC Bank plc, Merrill Lynch International and Morgan Stanley Bank International Limited as joint lead arrangers and joint bookrunners.

"Funding Date" means such date during the Availability Period specified to be the "Date of Borrowing" in the Notice of Borrowing, subject to satisfaction (or waiver) of the conditions precedent set forth in Section 7 hereof.

"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 Agreement, all ratios and calculations based on GAAP contained in this Agreement shall be computed in accordance with GAAP. At any time after the Signing 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. The Company shall give notice of either such election to the Administrative Agent and the Lenders. At any time after the Signing Date, the Company may elect to apply 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 in this Agreement), 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 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 this Agreement in IFRS. The Company shall give notice of any such election made in accordance with this definition to the Administrative Agent.

"Governmental Authority" shall mean 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:

(a) 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

(b) 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 the Original Guarantor and each Additional Guarantor that Guarantees the obligations of the Borrowers under this Agreement pursuant to the Guaranty.

"Guaranty" means the Guaranty dated as of the date of this Agreement between, among others, the Administrative Agent, the Taiwan Collateral Agent and the Original Guarantor (as supplemented from time to time).

"Hazardous Materials" shall mean (a) any petroleum or petroleum products, radioactive materials, friable asbestos, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas; (b) any chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous waste", "hazardous materials", "extremely hazardous waste", "restricted hazardous waste", "toxic substances", "toxic pollutants", "contaminants", or "pollutants", or words of similar import, under any applicable Environmental Law; and (c) any other chemical, material or substance, which is prohibited, limited or regulated by any Environmental Law.

"Hedge Agreement" shall mean an Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement.

"Hedging Obligations" of any Person means the obligations of such Person pursuant to any Hedge Agreement.

"Holdings" means NXP Semiconductors N.V..

"Immaterial Subsidiary" means any Restricted Subsidiary that (a) has not guaranteed any other Indebtedness (save for the Revolving Credit Facility and/or the Super Priority Notes) of a Borrower and (b) has Total Assets (as determined in accordance with GAAP) and Consolidated EBITDA of less than 2.5% of the Company's Total Assets and Consolidated EBITDA measured, in the case of Total Assets, at the end of the most recent fiscal period for which internal financial statements are available and, in the case of Consolidated EBITDA, for the four quarters ended most recently for which internal financial statements are available, in each case measured on a pro forma basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable, and on or prior to the date of acquisition of such subsidiary.

"Incur" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; provided, however, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary 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):

(a) the principal of indebtedness of such Person for borrowed money;

(b) the principal of obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(c) 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);

(d) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), 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;

(e) Capitalized Lease Obligations of such Person;

(f) the principal component of all obligations, or liquidation preference, of such Person with respect to any Disqualified Stock or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, any accrued dividends);

(g) 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 (i) the fair market value of such asset at such date of determination (as determined in good faith by the Company) and (ii) the amount of such Indebtedness of such other Persons;

(h) Guarantees by such Person of the principal component of Indebtedness of other Persons to the extent Guaranteed by such Person; and

(i) to the extent not otherwise included in this definition, net obligations of such Person under Currency Agreements and Interest Rate Agreements (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 Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the Original Closing Date, 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 Original Closing 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 and, in the case of letters of credit, bankers' acceptances and similar instruments, reimbursement obligations outstanding (to the extent such obligations constitute Indebtedness under clause (c) above). The amount of Indebtedness of any Person at any date shall be determined as set forth above or otherwise provided in this Agreement, and (other than with respect to letters of credit or Guarantees or Indebtedness specified in clause (g) or (h) 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 or any Restricted Subsidiary 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.

"Indemnified Taxes" shall mean all Taxes (other than Excluded Taxes) and Other Taxes.

"Independent Financial Advisor" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Company.

"Initial Investors" means (a) the Initial Sponsors and funds or partnerships related, managed or advised by any of them, or any Affiliate of any of them, and (b) Koninklijke Philips Electronics N.V. and its Subsidiaries.

"Initial Public Offering" means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"Initial Sponsor" means KKR European Fund II, Limited Partnership, KKR Millennium Fund (Overseas), Limited Partnership, Silver Lake Partners II, Cayman L.P., AlpInvest CS Investments 2006 C.V., Bain Capital Fund IX, L.P., Bain Capital Fund VIII-E, L.P., Apax Europe Fund V-A, L.P., Apax Europe Fund VI-A, L.P.

"Interest Period" shall mean, with respect to any Loan, the interest period applicable thereto, as determined pursuant to Section 2.9.

"Interest Rate Agreement" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"Investment" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of Section 10.2:

(a) "Investment" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; provided, however, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "Investment" in an Unrestricted Subsidiary in an amount (if positive) equal to (i) the Company's "Investment" in such Subsidiary at the time of such redesignation less (ii) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so redesignated a Restricted Subsidiary; and

(b) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"Investment Grade Securities" means:

(a) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(b) securities issued or directly and fully guaranteed or insured by a member of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);

(c) debt securities or debt instruments with a rating of "A-"or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(d) investments in any fund that invests exclusively in investments of the type described in clauses (a), (b) and (c) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"IPO Market Capitalization" means an amount equal to (a) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (b) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"Jilin" means Jilin NXP Semiconductor Ltd. (formerly known as Philips Jilin Semiconductors Co. Ltd.).

"Law" includes common or customary law, principles of equity and any constitution, code of practice, decree, judgment, decision, legislation, order, ordinance, regulation, by-law, statute, treaty or other legislative measure in any jurisdiction or any present or future directive, regulation, guideline, request, rule or requirement (in each case, whether or not having the force of law but, if not having the force of law, the compliance with which is in accordance with the general practice of persons to whom the directive, regulation, guideline, request, rule or requirement is intended to apply) of any Governmental Authority.

"Legal Reservations" means:

(a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganization and other laws of any applicable jurisdiction generally affecting the rights of creditors;

(b) the time barring of claims under the applicable limitation laws, the possibility that an undertaking to assume liability for or indemnify a person against non-payment of stamp duty (or similar taxes) may be void and defences of set-off or counterclaim; and

(c) any other matters which are set out as qualifications or reservations as to matters of law in the legal opinions referred to in Section 6 and delivered to the Administrative Agent at the Signing Date or later delivered in connection with the provision of any Guarantee or Lien under any Security Document.

"Lender" shall have the meaning provided in the preamble to this Agreement.

"Lender Default" shall mean (a) the failure (which has not been cured) of a Lender to make available its portion of any Borrowing, unless such failure is the subject of a good faith dispute, (b) a Lender having notified the Administrative Agent and/or the Borrower that it does not intend to comply with the obligations under Section 2.1(a) or (c) a Lender becoming the subject of a bankruptcy or insolvency proceeding.

"LIBOR Loan" shall mean any Loan bearing interest at the rate provided in Section 2.8(c).

"LIBOR Rate" shall mean, in the case of any LIBOR Loan, with respect to each day during each Interest Period pertaining to such LIBOR Loan, the greater of (i)(a) the rate of interest determined on the basis of the British Bankers' Association Interest Settlement Rate for Dollars for a period equal to such Interest Period commencing on the first day of such Interest Period appearing on the appropriate page of the Reuters screen as of 11:00 a.m. two Business Days prior to the beginning of such Interest Period multiplied by (b) the Statutory Reserve Rate and (ii) 1.25% *per annum.* In the event that any such rate does not appear on the appropriate page of the Reuters screen (or otherwise on such service), the "LIBOR Rate" for the purposes of clause (i)(a) of this paragraph shall be determined by reference to such other publicly available service for displaying LIBOR rates as may be agreed upon by the Administrative Agent and the Company or, in the absence of such agreement, the "LIBOR Rate" for the purposes of this paragraph shall instead be the arithmetic mean of the rates *per annum* (rounded upwards to four decimal places) notified to the Administrative Agent by the Reference Banks as the rate at which each such Reference Bank quotes to leading banks in the Relevant Interbank Market for deposits in Dollars at or about 11:00 a.m. two Business Days prior to the beginning of such Interest Period for a period comparable to such Interest Period and an amount comparable to the amount of such LIBOR Loan.

"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).

"Loan" shall mean any ABR Loan or LIBOR Loan made by any Lender hereunder.

"Management Advances" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(a) (i) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (ii) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (ii)) the approval of the Board of Directors;

(b) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(c) not exceeding €5,000,000 in the aggregate outstanding at any time.

"Management Investors" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"Mandatory Cost" means the percentage rate *per annum* calculated by the Administrative Agent in accordance with Schedule 1.1(d).

"Market Capitalization" means an amount equal to (a) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (b) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"Material Adverse Effect" means a material adverse effect on:

(a) the consolidated business, assets or financial condition of the Company and its Subsidiaries taken as a whole such that the Company and its Subsidiaries taken as a whole would be reasonably likely to be unable to perform their payment obligations under any of the Credit Documents; and/or

(b) subject to the Legal Reservations and the Agreed Security Principles, the validity of any security granted pursuant to the Credit Documents to which any Credit Party is a party in any way which is materially adverse to the interests of the Lenders under the Credit Documents taken as a whole and, without duplication of any other cure period, if capable of remedy, not remedied within 20 Business Days of the Company becoming aware of the issue or being given notice of the issue by the Administrative Agent.

"Maturity Date" shall mean March 4, 2017, or, if such date is not a Business Day, the next preceding Business Day.

"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 Rule 436 under the Securities Act.

"Net Available Cash" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(a) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(b) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by applicable law be repaid out of the proceeds from such Asset Disposition;

(c) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(d) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"Net Cash Proceeds," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"Non-Consenting Lender" shall have the meaning provided in Section 13.8(b).

"Non-Defaulting Lender" shall mean and include each Lender other than a Defaulting Lender.

"Note Indenture" means the Secured Note Indenture or the Unsecured Note Indenture.

"Notice of Borrowing" shall have the meaning provided in Section 2.3(a).

"Notice of Conversion or Continuation" shall have the meaning provided in Section 2.6.

"Officer" means, with respect to any Person, (a) 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 any two Managing Directors if elected by such Credit Party) or the Secretary (i) of such Person or (ii) if such Person is owned or managed by a single entity, of such entity; or (b) any other individual designated as an "Officer" for the purposes of this Agreement by the Board of Directors of such Person.

"Officer's Certificate" means, with respect to any Person, a certificate signed by one Officer (or two officers, if elected by such Person) of such Person.

"Opinion of Counsel" means a written opinion from legal counsel reasonably satisfactory to the Administrative Agent. The counsel may be an employee of or counsel to the Company or its Subsidiaries.

"Original Closing Date" means September 29, 2006.

"Original Credit Party" means each of the Company, the Co-Borrower and the Original Guarantor.

"Original Guarantor" means NXP Semiconductors Netherlands B.V, NXP B.V. and NXP Funding LLC.

"Original Transactions" means the acquisition by Holdings of the Company and its Subsidiaries and the related transactions (including the repayment of existing indebtedness of the Company and the disentanglement) pursuant to the Acquisition Agreement (including the equity investments made upon the closing thereof) and the Acquisition Side Letter, the Senior Notes, and the extensions of credit under the Revolving Credit Agreement.

"Other Taxes" shall mean any and all present or future stamp, documentary or any other excise, property or similar taxes (including interest, fines, penalties, additions to tax and related expenses with regard thereto) arising directly from any payment made or required to be made under this Agreement or from the execution or delivery of, registration or enforcement of, consummation or administration of, or otherwise with respect to, this Agreement or any other Credit Document, other than any such taxes that arise from the assignment or participation of any rights or obligations under this Agreement in accordance with Section 13.7.

"Parallel Debt" means, in relation to the Underlying Debt, an obligation to pay to the Global Collateral Agent an amount equal to (and in the same currency as) the amount of the Underlying Debt outstanding from time to time.

"Parallel Debt Secured Party" shall have the meaning provided in Section 9.19(a).

"Parent" means any Person of which the Company at any time is or becomes a Subsidiary after the Signing Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"Parent Expenses" means:

(a) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any Governmental Authority, this Agreement, the Senior Notes or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(b) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(c) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(d) Transaction Expenses;

(e) general corporate overhead expenses, including (i) professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries or (ii) costs and expenses with respect to any litigation or other dispute relating to the Transactions;

(f) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed €5,000,000 in any fiscal year; and

(g) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

(i) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary,

(ii) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

(iii) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"Pari Passu Indebtedness" means Indebtedness of the Company or any Guarantor if such Indebtedness ranks equally in right of payment to the Loans (or the Guaranty with respect thereto, in the case of a Guarantor) and is, in each case, secured by Liens on assets of the Company or such Guarantor.

"Participant" shall have the meaning provided in Section 13.7(c).

"Participating Member State" means any member state of the European Communities that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

"Patriot Act" shall have the meaning provided in Section 13.21.

"Permitted Asset Swap" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with Section 10.5.

"Permitted Collateral Liens" means (a) Liens on the Collateral (i) arising by operation of law that are described in one or more of clauses (c), (d) and (i) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of a Collateral Agent to enforce the Lien on the Collateral or (ii) that are Liens over cash and bank accounts equally and ratably granted to cash management banks securing cash management obligations pursuant to Section 9.16, (b) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under clauses (i), (ii) (in the case of clause (ii), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), (iv)(A) (with regard to the Loans hereunder and any Senior Secured Notes only), (iv)(B) (iv)(D) and (iv)(E) (if the original Indebtedness was so secured), (vi), (xi) or (xiii) secured only by assets in the applicable jurisdiction) of Section 10.1(b) and any Refinancing Indebtedness in respect of such Indebtedness; provided, however, that such Lien ranks equal to all other Liens on such Collateral securing Indebtedness of the Company or such Restricted Subsidiary, as applicable (except that a Lien in favor of Indebtedness incurred under Section 10.1(b)(i) and obligations under Hedging Agreements provided by Lenders or Affiliates of Lenders (at the time such Hedging Agreements were entered into) may have super priority not materially less favourable to the Lenders than that accorded to the Revolving Credit Agreement on the Signing Date and (c) Liens on the Collateral securing Indebtedness incurred under Section 10.1(a) and Section 10.1(b)(xii); provided that, in the case of this clause (c), after giving effect to such Incurrence on that date, the Consolidated Secured Leverage Ratio is less than 3.25:1.

"Permitted Holders" means, collectively, (a) the Initial Investors (b) Senior Management and (c) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity.

"Permitted Investment" means (in each case, by the Company or any of its Restricted Subsidiaries):

(a) Investments in (i) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (ii) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(b) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(c) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(d) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(e) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(f) Management Advances;

(g) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(h) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with Section 10.5;

(i) Investments in existence on, or made pursuant to legally binding commitments in existence on, the Original Closing Date and including the committed investment in PSSL (not exceeding €5,000,000);

(j) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Section 10.1;

(k) Investments, taken together with all other Investments made pursuant to this clause (k) or the corresponding provision of the Revolving Credit Agreement on or after the Original Closing Date and prior to the Signing Date and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed €300,000,000 less the amount invested in Trident; provided that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 10.2, such Investment shall thereafter be deemed to have been made pursuant to clause (a) or (b) of the definition of "Permitted Investments" and not this clause;

(l) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under Section 10.3;

(m) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(n) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of Section 10.6(b) (except those described in Section 10.6(c)(i), 10.6(c)(iii), 10.6(c)(vi), 10.6(c)(viii), 10.6(c)(ix) and 10.6(c)(xii);

(o) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with this Agreement;

(p) Guarantees not prohibited by Section 10.1 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business;

(q) Investments (i) in SSMC to increase the Company's percentage ownership thereof; provided that, after giving effect to such Investment, the Company is able to incur €1.00 of Indebtedness under Section 10.1(a) or (ii) in SSMC or any other Person partially financed by a Singapore government agency (or another project finance with a local or multilateral Governmental Authority) in an aggregate amount under this sub-clause (ii) not to exceed €300,000,000;

(r) Loans to Jilin on terms consistent with past practices between Jilin and the Seller, not to exceed €25,000,000 at any one time outstanding; and

(s) Investments in Crolles (and any similar research and development program) to fund research and development activities and maintenance capital expenditures in an aggregate amount not to exceed €190,000,000 in the first two years after the Original Closing Date and €50,000,000 *per annum* thereafter (with a carry over of unused amounts).

"Permitted Liens" means, with respect to any Person:

(a) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(b) 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;

(c) 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;

(d) 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;

(e) 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 Restricted Subsidiary in the ordinary course of its business;

(f) 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 Restricted 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 Restricted Subsidiaries;

(g) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under this Agreement;

(h) 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;

(i) 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;

(j) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; provided that (i) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under this Agreement and (ii) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(k) 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 depositary or financial institution;

(1) 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 Restricted Subsidiaries in the ordinary course of business;

(m) Liens existing on the Original Closing Date, excluding Liens securing the Senior Notes;

(n) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted 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 Restricted Subsidiary); provided, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted 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;

(o) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(p) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and

permitted to be secured under this Agreement; provided that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(q) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(r) (i) 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 Restricted Subsidiary of the Company has easement rights or on any leased property and subordination or similar arrangements relating thereto and (ii) any condemnation or eminent domain proceedings affecting any real property;

(s) 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;

(t) 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;

(u) Liens on cash accounts securing Indebtedness incurred under Section 10.1(b)(xi) with local financial institutions;

(v) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(w) 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 arrangements;

(x) 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;

(y) Liens Incurred in the ordinary course of business with respect to obligations (other than Indebtedness for borrowed money) which do not exceed €50,000,000 at any one time outstanding;

(z) Permitted Collateral Liens;

(aa) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary; and

(bb) any security granted over the marketable securities portfolio described in clause (i) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party.

"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.

"Platform" shall have the meaning provided in Section 13.20(b).

"PMP" means a professional market party (*professionele marktpartij*) within the meaning of the FMSA.

"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.

"Prime Rate" shall mean the rate of interest *per annum* publicly announced from time to time by Barclays Bank PLC as its reference rate in effect at its principal office in New York City (the Prime Rate not being intended to be the lowest rate of interest charged by Barclays Bank PLC in connection with extensions of credit to debtors).

"Public Market" means any time after:

(a) an Equity Offering has been consummated; and

(b) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100,000,000 on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"Public Offering" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"Purchase Money Obligations" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"Reference Banks" means in relation to LIBOR and Mandatory Cost the principal London offices of Barclays Bank PLC and Morgan Stanley Bank International Limited or such other banks as may be appointed by the Administrative Agent in consultation with the Company.

"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 Agreement 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 Agreement or Incurred in compliance with this Agreement (including Indebtedness of the Company that refinances Indebtedness of any Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted Subsidiary) including Indebtedness that refinances Refinancing Indebtedness; provided, however, that:

(a) 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, this Agreement;

(b) 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);

(c) if the Indebtedness being refinanced is expressly subordinated to this Agreement, such Refinancing Indebtedness is subordinated to this Agreement on terms at least as favorable to the Lenders as those contained in the documentation governing the Indebtedness being refinanced;

provided, however, that Refinancing Indebtedness shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

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.

"Register" shall have the meaning provided in Section 13.7(b)(iv).

"Regulation D" shall mean Regulation D of the Board as from time to time in effect and any successor to all or a portion thereof establishing reserve requirements.

"Regulation T" shall mean Regulation T of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation U" shall mean Regulation U of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Regulation X" shall mean Regulation X of the Board as from time to time in effect and any successor to all or a portion thereof establishing margin requirements.

"Related Parties" shall mean, with respect to any specified Person, such Person's Affiliates and the directors, officers, employees, agents, trustees, advisors of such Person and any Person that possesses, directly or indirectly, the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise.

"Related Person" with respect to any Permitted Holder means:

(a) any controlling equityholder or Subsidiary of such Person; or

(b) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(d) in the case of the Initial Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"Related Taxes" means

(a) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(i) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(ii) issuing or holding Subordinated Shareholder Funding;

(iii) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(iv) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(v) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to Section 10.2; or

(b) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"Relevant Interbank Market" means the London interbank market. "Relevant Taxing Jurisdiction" shall mean any jurisdiction in which the Borrowers are organized or otherwise considered to be a resident for tax purposes at the time such Lender becomes a party to this Agreement, or any political subdivision or Governmental Authority thereof or therein having the power to tax.

"Required Lenders" shall mean, at any date, Non-Defaulting Lenders holding more than 50% of the aggregate principal amount of Loans outstanding (or, prior to the Funding Date, having more than 50% of the Adjusted Total Commitment), in each case, as at such date; provided, that the aggregate principal amount of Loans held by the Company or by any Person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company or any Guarantor (other than any investment fund managed or advised by an Initial Sponsor or an Affiliate of an Initial Sponsor that is a bona fide debt fund and that extends or buys loans in ordinary course of business) shall be disregarded in all respects in the determination of the Required Lenders at any time.

"Relevant Percentage" shall mean at any time, for each Lender, (i) on or prior to the Funding Date, the percentage obtained by dividing (a) such Lender's Commitment by (b) the aggregate amount of the Commitments and (ii) after the Funding Date, the percentage obtained by dividing (a) the outstanding principal amount of such Lender's Loans by (b) the aggregate outstanding principal amount of all Lenders' Loans at such time.

"Requirement of Law" shall mean, as to any Person, the Certificate of Incorporation and by-laws or other organizational or governing documents of such Person, and any law, treaty, rule or regulation or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or assets or to which such Person or any of its property or assets is subject.

"Responsible Officer" means:

(a) when used with respect to the Administrative Agent, any officer within the Loan Operations Group (or any successor group of the Administrative Agent) or any other officer of the Administrative Agent 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 his knowledge of and familiarity with the particular subject; or

(b) when used with respect to any Credit Party or any of its Subsidiaries, the chief executive officer, chief financial officer, where customary in the relevant jurisdiction, any Managing Director (or any two Managing Directors, if elected by such Credit Party), treasurer, controller or any other senior officer (or two such officers, if the relevant Credit Party so elects) authorized to represent such Credit Party and designated as such by the Company in writing to the Administrative Agent.

"Restricted Investment" means any Investment other than a Permitted Investment.

"Restricted Payment" has the meaning given in Section 10.2(a)(iv).

"Restricted Subsidiary" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"Revolving Credit Agreement" means the €500,000,000 senior revolving credit facility agreement dated on or about the Original Closing Date among Holdings, the Company, 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 global collateral agent, as amended, supplemented, refinanced, including pursuant to the Forward Start Credit Agreement, or otherwise modified from time to time.

"Revolving Facility" means the €500,000,000 secured revolving credit facility made available to the Borrowers under the Revolving Credit Agreement.

"S&P" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"SEC" shall mean the Securities and Exchange Commission or any successor thereto.

"Secured Indebtedness" means any Indebtedness secured by a Lien.

"Secured Note Indentures" means (i) the Indenture relating to the issuance of the Senior Secured Notes entered into between the Company and the Co-Borrower (as co issuers), Deutsche Bank Trust Company Americas, as trustee and certain subsidiaries of the Company named as parties thereto as guarantors on October 12, 2006 and (ii) the indenture relating to the issuance of Senior Secured Notes entered into between the Company and the Co-Borrower (or co-issuers), Deutsche Bank Trust Company America, as trustee, and certain subsidiaries dated July 20, 2010.

"Secured Obligations" shall have the meaning assigned to such term in the Security Documents.

"Secured Parties" shall have the meaning assigned to such term in the applicable Security Documents.

"Securities Act" means the U.S. Securities Act of 1933, as amended, and the rules and regulations of the SEC promulgated thereunder, as amended.

"Security Documents" shall mean, collectively, (a) the Collateral Agency Agreement, (b) each of the documents, agreements and instruments confirmed or delivered pursuant to Section 9.17 each other security agreement or other instrument or document executed and delivered pursuant to Section 9.11 or 9.12 or pursuant to any of the Security Documents to secure any of the Secured Obligations.

"Seller" means Koninklijke Philips Electronics N.V. as Seller under the Stock Purchase Agreement in connection with the Acquisition.

"Senior Finance Documents" means the Revolving Credit Agreement and such other documents identified as "Senior Finance Documents" pursuant to the Revolving Credit Agreement.

"Senior Management" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent and with an equity investment in excess of €250,000.

"Senior Notes" means Senior Secured Notes or Senior Unsecured Notes.

"Senior Notes Offering" has the meaning given in the preamble to this Agreement.

"Senior Secured Notes" means senior secured notes issued by the Company pursuant to the Secured Note Indentures.

"Senior Unsecured Notes" means senior unsecured notes issued by the Company pursuant to the Unsecured Note Indenture.

"Significant Subsidiary" means any Restricted Subsidiary that meets any of the following conditions:

(a) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(b) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(c) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"Signing Date" means the date of this Agreement.

"Similar Business" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the Signing Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"SSMC" means Systems On Silicon Manufacturing Company Pte Ltd. For purposes of Section 10.2 and the definition "Asset Disposition" references to SSMC shall also refer to any Unrestricted Subsidiary (x) any Capital Stock or debt of which is owned directly or indirectly by SSMC or (y) which has received a cash distribution or dividend from SSMC.

"Stated Maturity" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such 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.

"Statutory Reserve Rate" shall mean for any day as applied to any LIBOR Loan, a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages that are in effect on that day (including any marginal, special, emergency or supplemental reserves), expressed as a decimal, as prescribed by the Board and to which the Administrative Agent is subject, for eurocurrency funding (currently referred to as "Eurocurrency Liabilities" in Regulation D of the Board). Such reserve percentages shall include those imposed pursuant to such Regulation D. LIBOR Loans shall be deemed to constitute eurocurrency funding and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D or any comparable regulation. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"Subordinated Indebtedness" means, with respect to any person, any Indebtedness (whether outstanding on the Original Closing Date or thereafter Incurred) which is expressly subordinated in right of payment to the obligations of the Borrowers under this Agreement pursuant to a written agreement.

"Subordinated Shareholder Funding" means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement

other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; provided, however, that such Subordinated Shareholder Funding:

(a) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the seventh anniversary of this Agreement (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the "requirements of this definition);

(b) does not require, prior to the seventh anniversary of this Agreement, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(c) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the seventh anniversary of this Agreement;

(d) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(e) pursuant to its terms is fully subordinated and junior in right of payment to this Agreement, the Senior Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"Subsidiary" means, with respect to any Person:

(a) 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

(b) any partnership, joint venture, limited liability company or similar entity of which:

(i) 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

(ii) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

"Successor Parent" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the Original Closing Date).

"Super Priority Indenture" means the Indenture related to the issuance of Super Priority Notes entered into between the Company and the Co-Borrower (as co-issuer), Deutsche Bank Trust Company Americas and the other parties thereto dated April 2, 2009.

"Super Priority Notes" means notes issued pursuant to the Super Priority Indenture.

"Tax Credit" means any credit against any Taxes or any relief or remission for Taxes (or their repayment).

"Tax Distribution" shall mean any distribution permitted to be paid pursuant to Section 10.2(c)(ix)(A).

"Taxes" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"Tax Sharing Agreement" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's-length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of this Agreement.

"Temporary Cash Investments" means any of the following:

(a) any investment in:

(i) direct obligations of, or obligations Guaranteed by, (A) the United States of America or Canada, (B) any European Union member state, (C) Switzerland or Norway, (D) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (E) any agency or instrumentality of any such country or member state, or

(ii) direct obligations of any country recognized by the United States of America rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(b) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(i) any Lender;

(ii) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (a)(i) above; or

(iii) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof;

in each case, having capital and surplus aggregating in excess of €250,000,000 (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(c) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (a) or (b) above entered into with a Person meeting the qualifications described in clause (b) above;

(d) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P- 2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(e) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States of America, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(f) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(g) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250,000,000 (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(h) investment funds investing 95% of their assets in securities of the type described in clauses (a) through (g) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(i) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"Total Assets" means the consolidated total assets of the Company and its Restricted Subsidiaries in accordance with GAAP as shown on the most recent balance sheet of such Person;

"Total Commitments" shall mean the sum of the Commitments of all the Lenders.

"Transactions" means the Loans under this Agreement (including the refinancing of certain Indebtedness with the proceeds thereof).

"Transaction Expenses" shall mean any fees or expenses incurred or paid by the Company or any of its Subsidiaries in connection with the Transactions, this Agreement and the other Credit Documents and the transactions contemplated hereby and thereby.

"Transferee" shall have the meaning provided in Section 13.7(e).

"Trident" means Trident Microsystems, Inc.

"Type" shall mean, in relation to any Loan, its nature as an ABR Loan or as a LIBOR Loan.

"Underlying Debt" means, in relation to each of the Credit Parties and at any given time, each obligation (whether present or future, actual or contingent) owing by that Credit Party to a Parallel Debt Secured Party under the Credit Documents (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of this Agreement, whether or not anticipated as of the date of this Agreement) excluding that obligor's Parallel Debts.

"Uniform Commercial Code" means the New York Uniform Commercial Code.

"Unrestricted Subsidiary" means SSMC, Jilin, Trident and:

(a) any Subsidiary of the Company (other than the Co-Borrower) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(b) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(i) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(ii) such designation and the Investment of the Company in such Subsidiary complies with Section 10.2.

Any such designation by the Board of Directors of the Company shall be evidenced to the Administrative Agent by filing with the Administrative Agent a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; provided, that immediately after giving effect to such designation (a) no Default or Event of Default would result therefrom, and (b)(i) the Fixed Charge Coverage Ratio would not be greater than 2.00 to 1.00 or (ii) the Fixed Charge Coverage Ratio would not be worse than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Administrative Agent by promptly filing with the Administrative Agent a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"Unsecured Note Indenture" means the Indenture relating to the issuance of the Senior Unsecured Notes entered into on October 12, 2006 between the Company and the Co-Borrower (as co-issuers), Deutsche Bank Trust Company Americas as trustee and certain subsidiaries of the Company named as parties thereto as guarantors.

"US Dollars", "Dollars" and "US$" means the lawful currency of the United States of America.

"US Government Obligations" means securities that are (a) direct obligations of the United States of America for the timely payment of which its full faith and credit is pledged or (b) 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 US Government Obligations or a specific payment of principal of or interest on any such US 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 US Government Obligations or the specific payment of principal of or interest on the US 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 Restricted 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.

1.2 Other Interpretive Provisions. With reference to this Agreement and each other Credit Document, unless otherwise specified herein or in such other Credit Document:

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "herein", "hereto", "hereof" and "hereunder" and words of similar import when used in any Credit Document shall refer to such Credit Document as a whole and not to any particular provision thereof.

(c) Article, Section, Exhibit and Schedule references are to the Credit Document in which such reference appears.

(d) The term "including" is by way of example and not limitation.

(e) The term "documents" includes any and all instruments, documents, agreements, certificates, notices, reports, financial statements and other writings, however evidenced, whether in physical or electronic form.

(f) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding"; and the word "through" means "to and including".

(g) Section headings herein and in the other Credit Documents are included for convenience of reference only and shall not affect the interpretation of this Agreement or any other Credit Document.

(h) Any reference herein to any Person shall be construed to include such Person's successors and assigns.

(i) Any reference to a time of day is a reference to London time.

(j) Any reference to a "Managing Director" of the Company or a Credit Party organized or established under the laws of the Netherlands means a managing director (*bestuurder*).

1.3 Accounting Terms. All accounting terms not specifically or completely defined herein shall be construed in conformity with, and all financial data (including financial ratios and other financial calculations) required to be submitted pursuant to this Agreement shall be prepared in conformity with, GAAP.

1.4 Rounding. Any financial ratios required to be maintained by the Company pursuant to this Agreement (or required to be satisfied in order for a specific action to be permitted under this Agreement) shall be calculated by dividing the appropriate component by the other component, carrying the result to one place more than the number of places by which such ratio is expressed herein and rounding the result up or down to the nearest number (with a rounding-up if there is no nearest number).

1.5 References to Agreements, Laws, Etc. Unless otherwise expressly provided herein, (a) references to organizational and constitutive documents, agreements (including this Agreement and each of the other Credit Documents) and other contractual instruments shall be deemed to include all subsequent amendments, restatements, amendment and restatements, extensions, supplements and other modifications thereto, but only to the extent that such amendments, restatements, amendment and restatements, extensions, supplements and other modifications are permitted by any Credit Document; and (b) references to any Law shall include all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting such Law.

1.6 Exchange Rates. For purposes of determining compliance under Sections 10.2 (other than with respect to determining the amount of any Indebtedness) and 10.5, with respect to any amount in a Foreign Currency, such amount shall be deemed to equal the Euro Equivalent thereof based on the average Exchange Rate for a Foreign Currency for the most recent twelve-month period immediately prior to the date of determination determined in a manner consistent with that used in calculating Consolidated EBITDA for the related period. For purposes of determining compliance with Sections 10.1, 10.2 and 10.3, with respect to any amount of Indebtedness in a Foreign Currency, compliance will be determined at the time of Incurrence or advancing thereof using the Euro Equivalent thereof at the Exchange Rate in effect at the time of such Incurrence or advancement.

1.7 Liability of Co-Borrower. The Co-Borrower shall be jointly and severally liable for all of the obligations and liabilities of the Company under this Agreement and

the other Credit Documents; provided that the obligations of the Co-Borrower under this Agreement and the other Credit Documents shall be limited to an aggregate amount that would not render such obligations subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of applicable law.

SECTION 2. Amount and Terms of Credit

2.1 Commitments. (a) Subject to and upon the terms and conditions herein set forth, each Lender severally agrees to make a Loan or Loans denominated in US Dollars to the Borrowers on the Funding Date in an aggregate principal amount not to exceed such Lender's Commitment, which Loans (i) may not be reborrowed once paid and (ii) may, at the option of the Company be incurred and maintained as, and/or converted into, ABR Loans or LIBOR Loans; provided that all Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type; provided further that the gross proceeds required to be funded by each Lender with respect to Loans shall be equal to 99.5% of the principal amount of such Loan.

(b) Each Lender may at its option make any LIBOR Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan, provided that (i) any exercise of such option shall not affect the obligation of the Borrower to repay such Loan and (ii) in exercising such option, such Lender shall use its reasonable efforts to minimize any increased costs to the Borrower resulting therefrom (which obligation of the Lender shall not require it to take, or refrain from taking, actions that it determines would result in increased costs for which it will not be compensated hereunder or that it determines would be otherwise disadvantageous to it and in the event of such request for costs for which compensation is provided under this Agreement, the provisions of Section 2.10 shall apply). In the event that any Loan is made by any domestic or foreign branch or Affiliate of a Lender on behalf of such Lender as contemplated by this clause (b) all of the provisions of this Agreement applicable to Lenders shall apply to and be enforceable by any such domestic or foreign branch or Affiliate.

2.2 [Reserved].Notice of Borrowing. (a) To request the borrowing of the Loans, the relevant Borrower or Borrowers shall give the Administrative Agent at the Administrative Agent's Office, written notice (or telephonic notice promptly confirmed in writing (i) prior to 10:00 a.m. on at least the second Business Day prior to the Funding Date in respect of proposed LIBOR Loans or (ii) prior to 12:00 Noon on at least the first Business Day prior to the Funding Date in respect of proposed ABR Loans. Such notice (the "Notice of Borrowing"), except as otherwise expressly provided in Section 2.10, shall specify (i) the aggregate principal amount of the Loans to be made on the Funding Date, (ii) the date of Borrowing (which shall be a Business Day and the Funding Date); (iii) the portions of the Loans so made that shall consist of ABR Loans or LIBOR Loans, and (iv) the Interest Period to be initially applicable thereto. If the Borrowers fail to specify an Interest Period of a Loan in a Notice of Borrowing then the Loan so requested shall have an initial Interest Period of three months. The Administrative Agent shall promptly give each Lender written notice (or telephonic notice promptly confirmed in writing) of the proposed Borrowing, of such Lender's proportionate share thereof and of the other matters covered by the Notice of Borrowing.

(b) Without in any way limiting the obligation of a Borrower to confirm in writing any notice it may give hereunder by telephone, the Administrative Agent may act prior to receipt of written confirmation without liability upon the basis of such telephonic notice believed by the Administrative Agent in good faith to be from an Authorized Officer of a Borrower. In each such case, such Borrower hereby waives the right to dispute the Administrative Agent's record of the terms of any such telephonic notice. Any Notice of Borrowing delivered in writing to the Administrative Agent shall be in substantially the form set forth in Exhibit B.

2.4 Disbursement of Funds. (a) No later than 12:00 Noon on the date specified in the Notice of Borrowing, each Lender will make available its pro rata portion of the Borrowings requested to be made on such date in the manner provided below.

(b) Unless otherwise agreed by the Company and the Administrative Agent in writing, each Lender shall make available all amounts it is to fund to the Borrower on the Funding Date in immediately available funds in Dollars to the Administrative Agent at the Administrative Agent's Office and the Administrative Agent will make available to the Borrowers, by depositing to an account designated by the Company to the Administrative Agent the aggregate of the amounts so made available. Unless the Administrative Agent shall have been notified by any Lender prior to the Funding Date that such Lender does not intend to make available to the Administrative Agent its portion of the Borrowing or Borrowings to be made on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date of Borrowing, and the Administrative Agent, in reliance upon such assumption, may (in its sole discretion and without any obligation to do so) make available to the Borrowers a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender and the Administrative Agent has made available same to the Borrowers, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor the Administrative Agent shall promptly notify the Borrowers, and such Borrower shall immediately pay such corresponding amount to the Administrative Agent. The Administrative Agent shall also be entitled to recover from such Lender or such Borrower interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrowers to the date such corresponding amount is recovered by the Administrative Agent, at a rate *per annum* equal to (i) if paid by such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry practice on interbank compensation, plus any administrative, processing or similar fees customarily charged by the Administrative Agent in connection with the foregoing, or (ii) if paid by the Borrower, the then-applicable rate of interest, calculated in accordance with Section 2.8, for the relevant Loans.

(c) Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to fulfill its commitments hereunder or to prejudice any rights that any Borrower may have against any Lender as a result of any default by such Lender hereunder (it being understood, however, that the obligations of each Lender hereunder are several and no Lender shall be responsible for the failure of any other Lender to fulfill its obligations hereunder).

2.5 Repayment of Loans; Evidence of Debt. (a) The Borrower shall, jointly and severally, repay to the Administrative Agent, for the benefit of the Lenders, on each date set forth below (or, if not a Business Day, the immediately preceding Business Day) (each, a "Loan Repayment Date"), a principal amount in respect of the Loans equal to (x) the outstanding principal amount Loans on the Funding Date multiplied by (y) the percentage set forth below opposite such Loan Repayment Date (each, a "Loan Repayment Amount"):

Date	Percentage
June 30, 2011	0.25%
September 30, 2011	0.25%
December 31, 2011	0.25%
March 31, 2012	0.25%
June 30, 2012	0.25%
September 30, 2012	0.25%
December 31, 2012	0.25%
March 31, 2013	0.25%
June 30, 2013	0.25%
September 30, 2013	0.25%
December 31, 2013	0.25%
March 31, 2014	0.25%
June 30, 2014	0.25%
September 30, 2014	0.25%
December 31, 2014	0.25%
March 31, 2015	0.25%
June 30, 2015	0.25%
September 30, 2015	0.25%
December 31, 2015	0.25%
March 31, 2016	0.25%
June 30, 2016	0.25%
September 30, 2016	0.25%
December 31, 2016	0.25%
March 31, 2017	0.25%

Notwithstanding anything to the contrary contained herein, all outstanding principal amounts of the Loans, including interest payable thereon, shall be due and payable on the Maturity Date.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of each Borrower to the appropriate lending office of such Lender resulting from each Loan made by such lending office of such Lender from time to time, including the amounts of principal and interest payable and paid to such lending office of such Lender from time to time under this Agreement.

(c) The Administrative Agent shall maintain the Register pursuant to Section 13.7(b), in which Register shall be recorded (i) the amount of each Loan made hereunder, the Borrower of such Loan, the Type of each Loan made and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrowers to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrowers and each Lender's share thereof.

(d) The entries made in the Register and accounts maintained pursuant to paragraphs (b) and (c) of this Section 2.5 shall, to the extent permitted by applicable Law, be prima facie evidence of the existence and amounts of the obligations of a Borrower therein recorded; provided, however, that the failure of any Lender or the Administrative Agent to maintain such account, such Register or such subaccount, as applicable, or any error therein, shall not in any manner affect the obligation of any Borrower to repay (with applicable interest) the Loans made to such Borrower by such Lender in accordance with the terms of this Agreement.

2.6 Conversions and Continuations. (a) The Company shall have the option on any Business Day to convert all or a portion of the outstanding principal amount of Loans of one Type into a Borrowing or Borrowings of another Type and shall have the option on any Business Day to continue the outstanding principal amount of any LIBOR Loans, as the case may be, for an additional Interest Period, provided that (i) ABR Loans may not be converted into LIBOR Loans if a Default or Event of Default is in existence on the date of the conversion and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such conversion and (ii) LIBOR Loans denominated in US Dollars may not be continued as LIBOR Loans for an additional Interest Period if an Event of Default is in existence on the date of the proposed continuation and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuation. Each such conversion or continuation shall be effected by the Company by giving the Administrative Agent at the Administrative Agent's Office prior to 10:00 a.m. at least two Business Days' (or one Business Day's notice in the case of a conversion into ABR Loans) prior written notice (or telephonic notice promptly confirmed in writing) (each, a "Notice of Conversion or Continuation") specifying the Loans to be so converted or continued, the Type of Loans to be converted or continued into and, if such Loans or are to be converted into or continued as LIBOR Loans, the Interest Period to be initially applicable thereto. The Administrative Agent shall give each Lender notice as promptly as practicable of any such proposed conversion or continuation affecting any of its Loans.

(b) If any Default or Event of Default is in existence at the time of any proposed continuation of any LIBOR Loans and the Administrative Agent has or the Required Lenders have determined in its or their sole discretion not to permit such continuation, such LIBOR Loans shall be automatically converted on the last day of the current Interest Period into ABR Loans. If upon the expiration of any Interest Period in respect of LIBOR Loans, a Borrower has failed to specify a new Interest Period to be applicable thereto as provided in paragraph (a) above, such Borrower shall be deemed to have specified an Interest Period of one month, effective as of the expiration date of such current Interest Period. If a Borrower requests the conversion to, or continuation of, a LIBOR Loan, but fails to specify an Interest Period, it will be deemed to have specified an Interest Period of one month.

2.7 Pro Rata Borrowings. The borrowing of Loans under this Agreement and each Borrowing outstanding from time to time hereunder shall be made or maintained, as applicable, by the Lenders pro rata on the basis of their Commitments (in the case of Loans made on the Funding Date) or the aggregate outstanding amount of their Loans (in the case of separate Borrowings consisting of different Types or having different Interest Periods). It is understood that (a) no Lender shall be responsible for any default by any other Lender in its obligation to make Loans hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder, regardless of the failure of any other Lender to fulfill its commitments hereunder and (b) other than as expressly provided herein with respect to a Defaulting Lender, failure by a Lender to perform any of its obligations under any of the Credit Documents shall not release any Person from performance of its obligation under any Credit Document.

2.8 Interest. (a) [Reserved]

(b) The unpaid principal amount of each ABR Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate *per annum* that shall at all times be aggregate of (i) the Applicable ABR Margin plus the ABR in effect from time to time.

(c) The unpaid principal amount of each LIBOR Loan shall bear interest from the date of the Borrowing thereof until maturity thereof (whether by acceleration or otherwise) at a rate *per annum* that shall at all times be aggregate of (i) the Applicable LIBOR Margin in effect from time to time, (ii) the relevant LIBOR Rate, and (iii) the Mandatory Cost, if any.

(d) If all or a portion of the principal amount of any Loan or any interest payable thereon shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate *per annum* that is (x) in the case of overdue principal on any Loan, the rate that would otherwise be applicable thereto plus 1% or (y) in the case of any overdue interest, to the extent permitted by applicable law, the rate described in Section 2.8(b) or (c), as applicable, plus 1%, in each case from and including the date of such non-payment to but excluding the date on which such amount is paid in full (after as well as before judgment).

(e) Interest on each Loan shall accrue from and including the date of the borrowing thereof to but excluding the date of any repayment thereof and shall be payable (i) on the last day of each Interest Period applicable thereto and, in the case of an Interest Period in

excess of three months, on each date occurring at three-month intervals after the first day of such Interest Period, and (ii) on any prepayment (on the amount prepaid), at maturity (whether by acceleration or otherwise) and, after such maturity, on demand.

(f) All computations of interest hereunder shall be made in accordance with Section 5.4.

(g) Each Lender shall supply the Administrative Agent with any information required by the Administrative Agent in order to calculate the Mandatory Cost in accordance with Schedule 1.1(d).

(h) The Administrative Agent, upon determining the interest rate for any Borrowing of Loans, shall promptly notify the Company and the relevant Lenders thereof. Each such determination shall, absent clearly demonstrable error, be final and conclusive and binding on all parties hereto.

2.9 Interest Periods. At the time the Company gives the Notice of Borrowing or a Notice of Conversion or Continuation in respect of the making of, or conversion into or continuation as, a Borrowing of LIBOR Loans (in the case of the initial Interest Period applicable thereto) or prior to 10:00 a.m. at least two Business Days prior to the expiration of an Interest Period applicable to a Borrowing of LIBOR Loans, the Company shall have the right to elect by giving the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) the Interest Period applicable to a Borrowing, which Interest Period shall, at the option of the Company, be a period commencing on the date of Borrowing specified in the applicable Notice of Borrowing or on the date specified in the applicable Notice of Conversion or Continuation and ending one (1), two (2), three (3) or six (6) (or if agreed by all relevant Lenders, nine (9) or twelve (12)) months thereafter, as the Borrower may elect in the applicable notice, provided that the initial Interest Period may be for a period less than one month if agreed upon by the Company and the Administrative Agent.

Notwithstanding anything to the contrary contained above:

(a) the initial Interest Period for any Borrowing of LIBOR Loans shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of ABR Loans) and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(b) if any Interest Period relating to a Borrowing of LIBOR Loans begins on the last Business Day of a calendar month or begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of the calendar month at the end of such Interest Period;

(c) if any Interest Period would otherwise expire on a day that is not a Business Day, such Interest Period shall expire on the next succeeding Business Day, provided that if any Interest Period in respect of a LIBOR Loan would otherwise expire on a day that is not a Business Day but is a day of the month after which no further Business Day occurs in such month, such Interest Period shall expire on the next preceding Business Day;

(d) the Borrower shall not be entitled to elect any Interest Period in respect of any LIBOR Loan if such Interest Period would extend beyond the Maturity Date; and

(e) after giving effect to the initial borrowing, all conversions of Loans from one Type to the other, and all continuations of Loans as the same Type, there shall not be more than 25 Interest Periods in effect with respect to LIBOR Loans.

2.10 Increased Costs, Illegality, etc. (a) In the event that (x) in the case of clause (i) below, the Administrative Agent or (y) in the case of clauses (ii) and (iii) below, any Lender shall have reasonably determined (which determination shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto):

(i) on any date for determining the LIBOR Rate for any Interest Period that (x) deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in Dollars in the Relevant Interbank Market for a period equivalent to the relevant Interest Period or (y) by reason of any changes arising on or after the Funding Date affecting the Relevant Interbank Market, adequate and fair means do not exist for ascertaining the applicable interest rate on the basis provided for in the definition of LIBOR Rate (as the case may be); or

(ii) at any time, that such Lender shall incur any increase in the cost to such Lender or reductions in the amounts received or receivable hereunder in connection with making or agreeing to make, funding or maintaining, LIBOR Loans or its Commitment hereunder (other than any such increase or reduction attributable to Taxes) because of (x) any Change in Law, such as, for example, without limitation, a change in official reserve requirements, and/or (y) other circumstances affecting the Relevant Interbank Market or the position of such Lender in such market; or

(iii) at any time, that the making or continuance of any LIBOR Loan or its Commitment hereunder has become unlawful by compliance by such Lender in good faith with any Law, governmental rule, regulation, guideline or order (or would conflict with any such governmental rule, regulation, guideline or order not having the force of law even though the failure to comply therewith would not be unlawful), or has become impracticable as a result of a contingency occurring after the date hereof that materially and adversely affects the Relevant Interbank Market;

then, and in any such event, such Lender (or the Administrative Agent, in the case of clause (i) above) shall within a reasonable time thereafter give notice (if by telephone, confirmed in writing) to the Company and to the Administrative Agent of such determination (which notice the Administrative Agent shall promptly transmit to each of the other Lenders). Thereafter (x) in the case of clause (i) above, LIBOR Loans shall no longer be available until such time as the Administrative Agent notifies the Company and the Lenders that the circumstances giving rise to such notice by the Administrative Agent no longer exist (which notice the Administrative Agent agrees to give at such time when such circumstances no longer exist), and the Notice of Borrowing or any Notice of Conversion or Continuation with respect to LIBOR Loans that have not yet been incurred, converted or continued (as applicable) shall be deemed rescinded by the Company (y) in the case of clause (ii) above, the Company shall pay to

such Lender, promptly after receipt of written demand therefor such additional amounts (in the form of an increased rate of, or a different method of calculating, interest or otherwise as such Lender in its reasonable discretion shall determine) as shall be required to compensate such Lender for such increased costs or reductions in amounts receivable hereunder (it being agreed that a written notice as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Company by such Lender shall, absent clearly demonstrable error, be final and conclusive and binding upon all parties hereto) and (z) in the case of clause (iii) above, the Borrowers shall take one of the actions specified in Section 2.10(b) as promptly as possible and, in any event, within the time period required by Law.

(b) At any time that any LIBOR Loan is affected by the circumstances described in Section 2.10(a)(ii) or (iii), the Borrowers may (and in the case of a LIBOR Loan affected pursuant to Section 2.10(a)(iii) shall) either (i) if the affected LIBOR Loan has been requested pursuant to the Notice of Borrowing or a Notice of Conversion or Continuation but has not been made, converted or continued (as applicable), cancel said Borrowing, conversion or continuation (as applicable) by giving the Administrative Agent telephonic notice (confirmed promptly in writing) thereof on the same date that the Company was notified by a Lender pursuant to 2.10(a)(ii) or (iii); or (ii) if the affected LIBOR Loan is then outstanding (x) upon at least three Business Days' notice to the Administrative Agent (if such Lender may lawfully continue to maintain such LIBOR Loans to such day or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loans), require the affected Lender to convert each such LIBOR Loan into an ABR Loan if such conversion would overcome the illegality and each Loan so converted shall, (y) prepay the affected LIBOR Loans on the last day of the Interest Period applicable thereto, if such Lender may lawfully continue to maintain such LIBOR Loan to such date, or immediately, if such Lender may not lawfully continue to maintain such LIBOR Loan or cause any affected Lender to assign the affected LIBOR Loans to another Lender or to another bank or institution willing to accept such assignment (which assignment shall be subject to and in compliance with Section 13.7) to the extent any such affected Lender may lawfully continue to maintain the relevant LIBOR Loans until such time as such assignment becomes effective in accordance with the terms hereof. Upon any such conversion or prepayment, the Borrowers shall also pay accrued interest on the amount so converted or prepaid all amounts due, if any, in connection with such prepayment or conversion under Section 2.11. The Borrowers shall pay all reasonable costs and expenses incurred by any Lender in connection with any assignment pursuant to sub-clause (z). If more than one Lender is affected at any time, then all affected Lenders must be treated in the same manner pursuant to this Section 2.10(b).

(c) If, after the date hereof, the adoption of any applicable Law, rule or regulation regarding capital adequacy, or any Change in Law, or any change in the interpretation or administration thereof by any Governmental Authority, the National Association of Insurance Commissioners, any central bank or comparable agency charged with the interpretation or administration thereof, or compliance by a Lender or its parent with any request or directive made or adopted after the date hereof regarding capital adequacy (whether or not having the force of law) of any such authority, association, central bank or comparable agency, has or would have the effect of reducing the rate of return on such Lender's or its parent's or its Affiliate's capital or assets as a consequence of such Lender's commitments or obligations hereunder to a level below that which such Lender or its parent or its Affiliate could have achieved but for such

adoption, effectiveness, change or compliance (taking into consideration such Lender's or its parent's policies with respect to capital adequacy), then from time to time, promptly after demand by such Lender (with a copy to the Administrative Agent), the Borrowers shall pay to such Lender such additional amount or amounts as will compensate such Lender or its parent or its Affiliates for such reduction, it being understood and agreed, however, that a Lender shall not be entitled to compensation for such reduction except to the extent resulting from the adoption of any applicable Law, rule or regulation regarding capital adequacy, or any Change in Law, or any change in the interpretation or administration thereof by any Governmental Authority, the National Association of Insurance Commissioners, any central bank or comparable agency charged with the interpretation or administration thereof, after the date hereof. Each Lender, upon determining in good faith that any additional amounts will be payable pursuant to this Section 2.10(c), will give prompt written notice thereof to the Company which notice shall set forth in reasonable detail the basis of the calculation of such additional amounts, although the failure to give any such notice shall not, subject to Section 2.13, release or diminish the Borrowers' obligations to pay additional amounts pursuant to this Section 2.10(c) upon receipt of such notice.

(d) It is understood that this Section 2.10 shall not apply to Excluded Taxes or to any amounts that would be payable under Section 5.3 but for another provision of Section 5.3 or, to the extent duplicative of Section 5.3, this Section 2.10 shall not apply to Taxes.

2.11 Compensation. If (a) any payment of principal of any LIBOR Loan is made by a Borrower to or for the account of a Lender, or is converted or continued, other than on the last day of the Interest Period for such LIBOR Loan as a result of a payment or conversion pursuant to Section 2.5, 2.10, 5.1 or 13.8, as a result of acceleration of the maturity of the Loans pursuant to Section 11 or for any other reason, (b) any Borrowing of LIBOR Loans is not made as a result of a withdrawn Notice of Borrowing or as a result of the operation of any of the provisions of this Agreement, (c) any ABR Loan is not converted into a LIBOR Loan as a result of a withdrawn Notice of Conversion or Continuation or as a result of the operation of any of the provisions of this Agreement, (d) any LIBOR Loan is not continued as a LIBOR Loan (as the case may be), as a result of a withdrawn Notice of Conversion or Continuation or as a result of the operation of any of the provisions of this Agreement, (e) any prepayment of principal of any LIBOR Loan is not made as a result of a withdrawn notice of prepayment pursuant to Section 5.1 or as a result of the operation of any of the provisions of this Agreement, (f) any assignment of a LIBOR Loan on a day other than the last day of the Interest Period for such Loan as a result of a request by the Company pursuant to Section 13.8(a), the Borrowers shall, after receipt of a written request by such Lender (which request shall set forth in reasonable detail the basis for requesting such amount), pay to the Administrative Agent for the account of such Lender any amounts required to compensate such Lender for any additional losses, costs or expenses that such Lender may reasonably incur as a result of such payment, failure to convert, failure to continue or failure to prepay, including any loss, cost or expense (excluding loss of anticipated profits) actually incurred by reason of the liquidation or reemployment of deposits or other funds acquired by any Lender to fund or maintain such LIBOR Loan.

For purposes of calculating amounts payable by the Borrowers to the Lenders under this Section 2.11, each Lender shall be deemed to have funded each LIBOR Loan made by it by a matching deposit or other borrowing in the Relevant Interbank Market in Dollars for a comparable amount and for a comparable period, whether or not such LIBOR Loan was in fact so funded.

2.12 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.10(a)(ii), 2.10(a)(iii), 2.10(b), or 5.3 with respect to such Lender, it will, if requested by the Company use commercially reasonable efforts (subject to overall policy considerations of such Lender) to designate another lending office for any Loans affected by such event or to assign its rights and obligations hereunder to another of its branches or Affiliates, provided that such designation or assignment is made on such terms that would eliminate or reduce amounts payable pursuant to Section 2.10(a)(ii), 2.10(a)(iii), 2.10(b) or 5.3, as the case may be, and that, in such Lender's judgment, cause such Lender and its lending office suffer no economic (including becoming subject to any unreimbursed cost or expense), legal or regulatory disadvantage. Nothing in this Section 2.12 shall affect or postpone any of the obligations of any Borrower or the right of any Lender provided in Section 2.10 or 5.3.

2.13 Notice of Certain Costs. Notwithstanding anything in this Agreement to the contrary, to the extent any notice required by Section 2.10, 2.11 or 5.3 is given by any Lender more than 180 days after such Lender has knowledge (or should have had knowledge) of the occurrence of the event giving rise to the additional cost, reduction in amounts, loss, tax or other additional amounts described in such Sections, such Lender shall not be entitled to compensation under Section 2.10, 2.11 or 5.3, as the case may be, for any such amounts incurred or accruing prior to the 181st day prior to the giving of such notice to the Borrower.

SECTION 3. [Reserved]

SECTION 4. Fees; Commitments

4.1 Fees. The Company agrees to pay to the Administrative Agent the fees and expenses in respect of the performance of such role as may be separately agreed from time to time.

4.2 Voluntary Reduction of Commitments. Upon at least three Business Days prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent at the Administrative Agent's Office (which notice the Administrative Agent shall promptly transmit to each of the Lenders), the Company (on behalf of each of the Borrowers) shall have the right at any time prior to the Signing Date and the making of the Loans hereunder, without premium or penalty, permanently to terminate or reduce the Commitments in whole or in part, provided that (a) any such reduction shall apply proportionately and permanently to reduce the Commitment of each of the Lenders and (b) any partial reduction pursuant to this Section 4.2 shall be in the amount of at least $5,000,000 and in integral multiples of $1,000,000 in excess thereof.

4.3 Mandatory Termination or Reduction of Commitments. The Total Commitment shall terminate upon the earlier of (i) the funding thereof on the Funding Date and (ii) 5:00p.m. (London time) on the last day of the Availability Period.

SECTION 5. Payments

5.1 Voluntary Prepayments. The Borrowers shall have the right to prepay Loans, without premium or penalty (except as provided below), in whole or in part from time to time on or after the second anniversary of the Signing Date on the following terms and conditions: (a) the Company shall give the Administrative Agent and at the Administrative Agent's Office written notice (or telephonic notice promptly confirmed in writing) of its intent to make such prepayment, the amount of such prepayment and (in the case of LIBOR Loans) the specific Borrowing(s) to be prepaid, which notice shall be given by the Company no later than 10:00 a.m. two Business Days prior to the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders; (b) each partial prepayment of any LIBOR Loans shall be in an integral multiple of $1,000,000 and in an aggregate principal amount of at least $5,000,000 and each partial prepayment of ABR Loans shall be in an integral multiple of $1,000,000 and in an aggregate principal amount of at least $1,000,000 or, in each case, if less, the entire principal amount thereof then outstanding, and any prepayment of Loans pursuant to this Section 5.1 on any day other than the last day of an Interest Period applicable thereto shall be subject to compliance by the Borrowers with the applicable provisions of Section 2.11. Each prepayment pursuant to this Section 5.1 shall be (a) applied to such Loans as the Company may specify and (b) applied to reduce such Loan Repayment Amounts as the Company may specify. At the Company's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loan of a Defaulting Lender.

In the event that, a Borrower makes any voluntary prepayment of Loans on or after the Second Anniversary of the Signing Date (pursuant to Section 5.1), the Borrowers shall pay to the Administrative Agent, for the ratable account of each Lender, a prepayment premium as follows:

(i) in the event that such a prepayment is made on or after the second anniversary of the Signing Date but prior to the third anniversary of the Signing Date, 2% of the amount of the Loans being prepaid; and

(ii) in the event that such a prepayment is made on or after the third anniversary of the Signing Date but prior to the fourth anniversary of the Signing Date, 1% of the amount of the Loans being prepaid.

5.2 Method and Place of Payment. (a) Except as otherwise specifically provided herein, all payments under this Agreement shall be made by each Borrower, without set-off, counterclaim or deduction of any kind, to the Administrative Agent for the ratable account of the Lenders entitled thereto, not later than 12:00 Noon on the date when due and shall be made in immediately available funds at the Administrative Agent's Office or at such other office as the Administrative Agent shall specify for such purpose by notice to the Company, it being understood that written or facsimile notice by a Borrower to the Administrative Agent to make a payment from the funds in such Borrower's account at the Administrative Agent's Office shall constitute the making of such payment to the extent of such funds held in such account. All repayments or prepayments of Loans (whether of principal, interest or otherwise) hereunder shall be made in Dollars. The Administrative Agent will thereafter cause to be distributed on the same day (if payment was actually received by the Administrative Agent prior to 12:00 noon on such day) like funds relating to the payment of principal or interest or Fees ratably to the Lenders entitled thereto.

(b) Any payments under this Agreement that are made later than 1:00 p.m. shall be deemed to have been made on the next succeeding Business Day. Whenever any payment to be made hereunder shall be stated to be due on a day that is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, such extension of time shall be reflected in computing interest or fees (as the case may be) at the applicable rate in effect immediately prior to such extension.

5.3 Net Payments. (a) Any and all payments made by or on behalf of any Credit Party under this Agreement or any other Credit Document shall be made free and clear of, and without deduction or withholding for or on account of, any Indemnified Taxes; provided that if a Credit Party shall be required by law to deduct or withhold any Indemnified Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions or withholdings applicable to additional sums payable under this Section 5.3), the Administrative Agent, any Collateral Agent or any Lender, as the case may be, receives an amount equal to the after tax sum it would have received had no such deductions or withholdings been made, (ii) the relevant Credit Party shall make such deductions or withholdings and (iii) the relevant Credit Party shall pay the full amount deducted or withheld to the relevant Governmental Authority in accordance with applicable law. Whenever any Indemnified Taxes are payable by a Credit Party, as promptly as possible thereafter, such Credit Party shall send to the Administrative Agent for its own account or for the account of such Lender, as the case may be, a certified copy of an original official receipt in such form as provided in the ordinary course by the relevant Governmental Authority and as is reasonably available to the relevant Credit Party (or other evidence acceptable to such Lender, acting reasonably) received by such Credit Party showing payment thereof.

(b) Each Credit Party shall pay and shall jointly and severally indemnify and hold harmless, on an after tax basis, the Administrative Agent, each Collateral Agent and each Lender (whether or not such Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority) with regard to any Other Taxes.

(c) Each Credit Party shall jointly and severally indemnify and hold harmless, on an after tax basis, the Administrative Agent, each Collateral Agent and each Lender within 15 Business Days after written demand therefor, for the full amount of any Indemnified Taxes imposed on the Administrative Agent, each Collateral Agent or such Lender as the case may be, on or with respect to any payment by or on account of any obligation of any Credit Party hereunder or under any other Credit Document (including Indemnified Taxes imposed or asserted on or attributable to amounts payable under this Section 5.3) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. Upon the request of the Company, such Administrative Agent, Collateral Agent, or a Lender must provide details of how it calculated the amount of Indemnified Taxes for which it claimed liability under this Section 5.3. A certificate as to the amount of such payment or liability delivered to a Credit Party by a Lender or by the Administrative Agent or a Collateral Agent on its own behalf or on behalf of a Lender shall be conclusive absent manifest error.

(d) Each Lender shall to the extent it is legally entitled to do so:

(i) upon the request of the Company or the Administrative Agent deliver to the Borrowers and the Administrative Agent two copies of any certification, information, documents or other evidence concerning the nationality, residence or identity of such Lender or make any declaration of similar claim or satisfy any other reporting requirement relating to such matters, which is required by a statute, regulation or administrative practice of a relevant Governmental Authority as a precondition to exemption from all or a part of any Taxes, assessment or other governmental charge; and

(ii) deliver to the Borrowers and the Administrative Agent two further copies of any such form or certification (or any applicable successor form) on or before the date that any such form or certification expires or becomes obsolete and after the occurrence of any event requiring a change in the most recent form previously delivered by it to any Borrower;

unless in any such case any Change in Law has occurred prior to the date on which any such delivery would otherwise be required that renders any such form inapplicable or would prevent such Lender from duly completing and delivering any such form with respect to it and such Lender so advises the Borrowers and the Administrative Agent. Each Person that shall become a Participant pursuant to Section 13.7 or a Lender pursuant to Section 13.7 shall, upon the effectiveness of the related transfer, be required to provide all the forms and statements required pursuant to this Section 5.3(d), provided that in the case of a Participant such Participant shall furnish all such required forms and statements to the Lender from which the related participation shall have been purchased.

(e) If a Credit Party determines in good faith that a reasonable basis exists for contesting any taxes for which indemnification has been demanded hereunder or any other Credit Document, the relevant Lender, the Administrative Agent or a Collateral Agent, as applicable, shall cooperate with such Credit Party in challenging such taxes at such Credit Party's expense if so requested by such Credit Party. If any Lender, the Administrative Agent or a Collateral Agent, as applicable, receives a refund of, or determines that a Tax Credit is available to it with respect to, a tax for which a payment has been made by a Credit Party pursuant to this Agreement, which refund or Tax Credit in the good faith judgment of such Lender, the Administrative Agent or a Collateral Agent, as the case may be, is attributable to such payment made by such Credit Party, then the Lender, the Administrative Agent or a Collateral Agent, as the case may be, shall reimburse such Credit Party for such amount (together with any interest received thereon) as the Lender, the Administrative Agent or a Collateral Agent, as the case may be, determines to be the proportion of the refund or Tax Credit as will leave it, after such reimbursement, in no better or worse position (taking into account expenses or any taxes imposed on the refund) than it would have been in if the payment had not been required. A Lender, the Administrative Agent or a Collateral Agent shall claim any refund or Tax Credit that it determines is available to it, unless it concludes in its reasonable discretion that it would be adversely affected by making such a claim. Neither the Lender, the Administrative Agent nor any Collateral Agent shall be obliged to disclose any information regarding its tax affairs or computations to the any Credit Party in connection with this paragraph (e) or any other provision of this Section 5.3.

(f) The agreements in this Section 5.3 shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

5.4 Computations of Interest and Fees. Interest on LIBOR Loans and, except as provided in the next succeeding sentence, ABR Loans shall be calculated on the basis of a 360-day year for the actual days elapsed. Interest on ABR Loans in respect of which the rate of interest is calculated on the basis of the Prime Rate and interest on overdue interest shall be calculated on the basis of a 365- (or 366-, as the case may be) day year for the actual days elapsed.

5.5 Limit on Rate of Interest.

(a) No Payment shall exceed Lawful Rate. Notwithstanding any other term of this Agreement, no Borrower shall be obliged to pay any interest or other amounts under or in connection with this Agreement in excess of the amount or rate permitted under or consistent with any applicable law, rule or regulation.

(b) Payment at Highest Lawful Rate. If a Borrower is not obliged to make a payment which it would otherwise be required to make, as a result of Section 5.5(a), such Borrower shall make such payment to the maximum extent permitted by or consistent with applicable laws, rules and regulations.

(c) Adjustment if any Payment exceeds Lawful Rate. If any provision of this Agreement or any of the other Credit Documents would obligate any Borrower to make any payment of interest or other amount payable to any Lender in an amount or calculated at a rate which would be prohibited by any applicable Law, rule or regulation, then notwithstanding such provision, such amount or rate shall be deemed to have been adjusted with retroactive effect to, in the case of LIBOR Loans the beginning of the relevant Interest Period or, in the case of ABR Loans, the relevant date, the maximum amount or rate of interest, as the case may be, as would not be so prohibited by Law, such adjustment to be effected, to the extent necessary, by reducing the amount or rate of interest required to be paid by such Borrower to the affected Lender under Section 2.8.

Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if any Lender shall have received from any Borrower an amount in excess of the maximum permitted by any applicable Law, rule or regulation, then such Borrower shall be entitled, by notice in writing to the Administrative Agent to obtain reimbursement from that Lender in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by that Lender to such Borrower.

5.6 Currency Indemnity

(a) If any sum due from a Credit Party under the Credit Documents (a "Sum"), or any order, judgment or award given or made in relation to a Sum, has to be converted from the currency (the "First Currency") in which that Sum is payable into another currency (the "Second Currency") for the purpose of: (i) making or filing a claim or proof against that Credit Party; (ii) obtaining or enforcing an order, judgment or award in relation to any litigation or arbitration proceedings, in either case that Credit Party shall as an independent obligation, within

three Business Days of demand, indemnify each Lender to whom that Sum is due against any cost, loss or liability arising out of or as a result of the conversion including any discrepancy between (A) the rate of exchange used to convert that Sum from the First Currency into the Second Currency and (B) the rate or rates of exchange available to that person at the time of its receipt of that Sum.

(b) Each Credit Party waives any right it may have in any jurisdiction to pay any amount under the Credit Documents in a currency or currency unit other than that in which it is expressed to be payable.

SECTION 6. Conditions Precedent to the Signing DateConditions Precedent.

The occurrence of the Signing Date and the borrowing of Loans hereunder on such date are subject to the satisfaction of the following conditions precedent, except as otherwise agreed in writing between the Company and the Administrative Agent (with the consent of the requisite percentage of Lenders in accordance with the terms hereof). The Administrative Agent shall, upon such conditions precedent being satisfied (or waived as the case may be), promptly confirm such satisfaction (or waiver) in writing to the Lenders and the Company.

6.2 Credit Documents.The Administrative Agent shall have received:

(i) this Agreement, executed and delivered by a duly authorized signatory of each Borrower and each Lender;

(ii) the Guaranty, executed and delivered by a duly authorized signatory of the Company, the Co-Borrower and NXP Semiconductors Netherlands B.V.; and

(iii) any required accessions to the Collateral Agency Agreement, executed and delivered by a duly authorized signatory of each party thereto.

6.3 Indebtedness. No Indebtedness or financing preferred stock of the Company or its Subsidiaries to third parties shall remain outstanding as of the Signing Date and no shareholder loans shall have been made without the consent of the Sole Lead Arranger, other than Indebtedness pursuant to or permitted under this Agreement.

6.4 Solvency Certificate. On the Signing Date, the Administrative Agent shall have received a certificate from an Authorized Officer of the Company in a form reasonably satisfactory to the Administrative Agent demonstrating that, as of the Signing Date, the Company on a consolidated basis with its Subsidiaries is solvent.

6.5 Legal Opinions. The Administrative Agent shall have received the executed legal opinions of (i) special New York counsel to the Borrowers reasonably satisfactory to the Administrative Agent and (ii) special Dutch counsel to the Borrowers reasonably satisfactory to the Administrative Agent, in each case in substantially the same form and substance as provided under and in connection with the Revolving Credit Agreement or otherwise in form and substance reasonably satisfactory to the Administrative Agent and, in each case, to the extent applicable to entities that are Original Credit Parties. The Borrowers, the other Original Credit Parties and the Administrative Agent hereby instruct counsel to deliver such legal opinions.

6.6 Closing Certificates. The Administrative Agent shall have received a certificate of each Original Credit Party, dated the Signing Date, substantially in the form of Exhibit C, with appropriate insertions, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Original Credit Party (or where customary in the relevant jurisdiction, executed by a director of such Original Credit Party), and attaching the documents referred to in Sections 6.7 and 6.8 below.

6.7 Corporate Proceedings of Each Original Credit Party. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors and, to the extent required under applicable Law or the organizational documents of any Original Credit Party, the shareholders of each Original Credit Party (or a duly authorized committee thereof) authorizing (i) the execution, delivery and performance of the Credit Documents (and any agreements relating thereto) to which it is a party and (ii) in the case of the Borrowers, the Loans contemplated hereunder.

6.8 Corporate Documents. The Administrative Agent shall have received true and complete copies of the certificate of incorporation, by-laws (or equivalent organizational documents) and, to the extent available in the relevant jurisdiction, an extract of the trade register of each Original Credit Party.

6.9 Know Your Customer. The Lenders shall have received such documentation and other evidence as shall have been reasonably requested no later than 5 days prior to the Signing Date in order for each such Lender to carry out and be satisfied with the results of all necessary "know your customer" or other similar identification procedures.

6.10 Representations and Warranties. At the date hereof (a) no Default or Event of Default shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein or in the other Credit Documents shall be true and correct in all material respects (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date).

The acceptance of the benefits of the Loans shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified above exist as of that time.

SECTION 7. Conditions Precedent To The Funding Date. The borrowing of Loans hereunder on any Business Day during the Availability Period is subject to the satisfaction of the following conditions precedent:

7.1 No Default; Representations and Warranties. On the Funding Date and also after giving effect thereto, (a) no Default or Event of Default shall have occurred and be continuing and (b) all representations and warranties made by any Credit Party contained herein

or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Funding Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of such earlier date and except for the representation in Section 8.9(b), which shall be deemed to relate to the matter referred to therein on and as of the Signing Date).

7.2 Notice of Borrowing. The Administrative Agent shall have received a Notice of Borrowing in writing meeting the requirements of Section 2.3.

7.3 Fees. The Agents and Lenders shall have received evidence that the fees in the amounts (and at the times) previously agreed in writing by the Agents and such Lenders to be received on or prior to the Funding Date and all expenses for which the Borrowers are responsible and in relation to which invoices have been presented prior to the Funding Date shall be paid on or by the Funding Date, and the Company and its Subsidiaries that are party thereto shall have complied in all material respects with all of the other terms of the Fee Letter to be complied with on or before the Funding Date.

The acceptance of the benefits of the borrowing shall constitute a representation and warranty by each Credit Party to each of the Lenders that all the applicable conditions specified above exist as of that time.

SECTION 8. Representations, Warranties and Agreements

In order to induce the Lenders to enter into this Agreement and to make the Loans as provided for herein, each Borrower makes the following representations and warranties to, and agreements with, the Lenders, each Agent, all of which shall survive the execution and delivery of this Agreement and the making of the Loans:

8.1 Organization; Powers. Each of the Credit Parties (a) is a partnership, limited liability company, exempted company or corporation duly organized, validly existing and in good standing (or, if applicable in a foreign jurisdiction, enjoys the equivalent status under the laws of any jurisdiction of organization outside the United States) under the laws of the jurisdiction of its organization and (b) has the power and authority to execute, deliver and perform its obligations under each of the Credit Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrowers, to borrow and otherwise obtain credit hereunder.

8.2 Authorization. The execution, delivery and performance by each of the Credit Parties of each of the Credit Documents to which it is a party, and the borrowings hereunder (a) have been duly authorized by all corporate, stockholder, shareholder, limited liability company or partnership action required to be obtained by each Credit Party and (b) will not (i) violate (A) any material provision of any material law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of any Credit Party, (B) any applicable order of any court or any rule, regulation or order of any Governmental Authority or (C) any provision of any indenture, certificate of designation for preferred stock, agreement or other instrument to which any Credit Party is a party or by which any or any of their property is or may be bound, except for any such conflict, breach or default described in this paragraph (C) that could not reasonably be expected to have a Material Adverse Effect or

otherwise have a material adverse effect on the rights and remedies of the Lenders under the Credit Documents, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, give rise to a right of or result in any cancellation or acceleration of any right or obligation (including any payment) or to a loss of a benefit under any such indenture, certificate of designation for preferred stock, agreement or other instrument, except for any such conflict, breach or default described in this sub-clause (ii) that (1) could not reasonably be expected to have a Material Adverse Effect or otherwise have a material adverse effect on the rights and remedies of the Lenders under the Credit Documents, or (2) result in the creation or imposition of any Lien upon or with respect to any material property or assets now owned or hereafter acquired by any Credit Party.

8.3 Enforceability. This Agreement has been duly executed and delivered by each Credit Party party hereto and constitutes, and each other Credit Document when executed and delivered by each Credit Party that is party thereto will constitute, a legal, valid and binding obligation of such Credit Party enforceable against each such Credit Party in accordance with its terms, subject to Debtor Relief Laws and to general principles of equity.

8.4 Governmental Approvals; Other Consents. No action, consent or approval of, registration or filing with or any other action by, any Governmental Authority or any other Person is or will be required in connection with the execution, delivery and performance of the Credit Documents, except for (a) such as have been made or obtained and are in full force and effect, (b) filings necessary to perfect the Liens on the Collateral granted by the Credit Parties in favor of the Secured Parties and (c) those approvals, consents, exemptions, authorizations or other actions, notices or filings, the failure of which to obtain or make could not reasonably be expected to have a Material Adverse Effect.

8.5 Federal Reserve Regulations. (a) No Credit Party nor any Restricted Subsidiary is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying Margin Stock.

(b) No part of the proceeds of any Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of Regulation U or Regulation X.

8.6 Investment Company Act. No Credit Party nor any Restricted Subsidiary is an “investment company” as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

8.7 Use of Proceeds. The proceeds of the Loans will be used for general corporate purposes (including refinancing or repaying Indebtedness) not in contravention of any law or any Credit Document.

8.8 Solvency. (a) On the date hereof, and on the Signing Date (i) (A)the fair value of the assets of the Company and its Subsidiaries on a consolidated basis, at a fair valuation, will exceed the debts and liabilities, direct, subordinated, contingent or otherwise, it’s the Company and its Subsidiaries on a consolidated basis, respectively; (B) the present fair saleable value of the property of the Company and its Subsidiaries on a consolidated basis will

be greater than the amount that will be required to pay the probable liability of the Company and its Subsidiaries on a consolidated basis on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (C) the Company and its Subsidiaries on a consolidated basis will be able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (D) the Company and its Subsidiaries on a consolidated basis will not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Signing Date and (ii) each Credit Party (A) has not ceased, and does not expect that it will cease, making payments on its liabilities when due and (B) can, and expects that it can, obtain credit in the ordinary course of business.

(b) No Credit Party intends to, and does not believe that it or any of the Restricted Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

8.9 Financial Statements; No Material Adverse Effect. (a) The audited financial statements of the Company as at December 31, 2009 and for the fiscal year then ended together with the notes thereto (ii) were prepared in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein; and (ii) fairly present, in all material respects, the consolidated financial condition of the Company as of the date thereof and its results of operations for the period covered thereby in accordance with GAAP consistently applied throughout the period covered thereby, except as otherwise expressly noted therein.

(b) Since the date of the audited financial statements described in clause (a) above, there has been no event or circumstance, either individually or in the aggregate, that has had or could reasonably be expected to have a Material Adverse Effect.

8.10 Litigation. Except as specifically disclosed on Schedule 8.10, there are no actions, suits, proceedings, claims or disputes pending or, to the knowledge of the Borrowers, threatened in writing, at law, in equity, in arbitration or before any governmental authority, by or against the Company or any of its Restricted Subsidiaries or against any of their properties or revenues that either individually or in the aggregate, have had or could reasonably be expected to have a Material Adverse Effect.

8.11 No Default. Neither the Company nor any Subsidiary thereof is in default under any contractual obligation that could, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.12 Ownership of Properties; Liens. The Company and each Subsidiary thereof has good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary in the ordinary conduct of its business, except for such defects in title as could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect. The property of the Company and its Subsidiaries is subject to no Liens, other than Permitted Liens and Permitted Collateral Liens.

8.13 Environmental Compliance. The Company and its Restricted Subsidiaries conduct in the ordinary course of business a review of the effect of existing Environmental Laws and claims alleging potential liability or responsibility for violation of any Environmental Law on their respective businesses, operations and properties, and as a result thereof to the best knowledge of the Company, except as specifically disclosed in Schedule 8.13, such Environmental Laws and claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

8.14 Taxes. Except as could not, either individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect, the Company and its Subsidiaries have filed all federal, state and other material tax returns and reports required to be filed, and have paid all federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those (x) which are not overdue by more than 30 days or (y) which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with GAAP.

8.15 Subsidiaries; Equity Interests. As of the date of this Agreement, the Company has no Restricted Subsidiaries other than those specifically disclosed in Schedule 8.15, and (except as disclosed on such Schedule) all of the outstanding equity interests in such Restricted Subsidiaries have been validly issued, are fully paid and nonassessable and are owned by the Company or a Subsidiary thereof in the amounts specified in Schedule 8.15 free and clear of all Liens other than (a) those created under the Security Documents and (b) any Permitted Lien. As of the date of this Agreement, neither the Company nor any of its Subsidiaries has any equity investments in any other corporation or entity other than those permitted under this Agreement.

8.16 No Material Misstatements. All written information (other than projections) (the "Information") furnished by or on behalf of any Credit Party to any Lenders or the Administrative Agent in connection with the Transactions (as such Information may have been supplemented in writing prior to the Signing Date) or the other transactions contemplated by the Credit Documents, when taken as a whole, was true and correct in all material respects, as of the date such Information was furnished to the Lenders or the Administrative Agent (as the case may be) and (in the case of such Information delivered prior to the Signing Date) as of the Signing Date and did not contain any material misstatement of fact as of any such date or omit to state a material fact necessary in order to make the statements contained therein not materially misleading in light of the circumstances under which such statements were made; provided that, with respect to projected financial information and pro forma financial information, the Credit Parties represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time of preparation; it being understood that such projections may vary from actual results and that such variances may be material.

8.17 Compliance With Laws. The Company and each of its Restricted Subsidiaries is in compliance in all material respects with the requirements of all laws and all

orders, writs, injunctions and decrees applicable to it or to its properties, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted or (b) the failure to comply therewith, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Without limitation of the foregoing, the Company and each of its Restricted Subsidiaries is in compliance (i) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to any employee pension benefit plan or other social security and employee benefit plan governed by the laws in any jurisdiction in which it operates and (ii) with the terms of any such plan, except, in each case, for (x) such requirement of law, applicable regulation, published interpretations or plan term is being contested in good faith by appropriate proceeding diligently conducted; or (y) such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

8.18 Intellectual Property Licenses. The Company and its Restricted Subsidiaries own, license or possess the right to use, all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights (collectively, "IP Rights") that are reasonably necessary for the operation of their respective businesses as currently conducted, without conflict with the rights of any other person, except to the extent such conflicts, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. To the best knowledge of the Company, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Company or any Subsidiary infringes upon any rights held by any other person, except to the extent such infringements, either individually or in the aggregate, could not reasonably be expected to have a Material Adverse Effect. Except as specifically disclosed in Schedule 8.18, no claim or litigation regarding any of the foregoing against the Company or its Restricted Subsidiaries is pending or, to the knowledge of the Company, threatened in writing, which, either individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

SECTION 9. Affirmative Covenants

Each Borrower hereby covenants and agrees that on the Signing Date and thereafter, until the Commitments have terminated and the Loans, together with interest, Fees and all other Secured Obligations incurred hereunder, are paid and performed in full:

9.1 Financial Statements. The Company will deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) beginning with the fiscal year ending December 31, 2011, as soon as available, but in any event on or before the date on which such financial statements would be required to be filed with the SEC but no later than 120 days after the end of each fiscal year (or, if such financial statements are not required to be filed with the SEC, within 120 days after the end of each fiscal year of the Company) a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal year, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail and prepared in accordance with GAAP, audited and accompanied by a report and opinion of KPMG or

another registered public accounting firm of internationally recognized standing reasonably acceptable to the Administrative Agent, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit; and

(b) beginning with the fiscal quarter ending March 31, 2011, as soon as available, but in any event on or before the date on which such financial statements would be required to be filed with the SEC (or, if such financial statements are not required to be filed with the SEC, within 60 days after the end of each of the first three fiscal quarters of each fiscal year of the Company), a consolidated balance sheet of the Company and its Subsidiaries as at the end of such fiscal quarter, and the related consolidated statements of income or operations, shareholders' equity and cash flows for such fiscal quarter and for the portion of the Company's fiscal year then ended, setting forth in each case in comparative form the figures for the corresponding fiscal quarter of the previous fiscal year and the corresponding portion of the previous fiscal year, all in reasonable detail and certified by the chief executive officer, chief financial officer, treasurer or controller of the Company as fairly presenting in all material respects the financial condition, results of operations, shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP, subject only to normal year-end audit adjustments and the absence of footnotes.

At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by the clauses (a) and (b) above shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

Notwithstanding the foregoing, the obligations in clauses (a) and (b) above may be satisfied with respect to financial information of the Company and its Subsidiaries by furnishing (i) the applicable financial statements of Holdings (or any direct or indirect parent of Holdings) or (ii) the Company's or Holdings' (or any direct or indirect parent thereof), as applicable, Form 20-F or 6-K, as applicable, filed with the SEC; provided that, with respect to each of sub-clauses (i) and (ii), (A) to the extent such information relates to Holdings (or a parent thereof), such information is accompanied by consolidating information that explains in reasonable detail the differences between the information relating to Holdings (or such parent), on the one hand, and the information relating to the Company and its Subsidiaries on a standalone basis, on the other hand and (B) to the extent such information is in lieu of information required to be provided under this Section 9.1, such materials are accompanied by a report and opinion of an independent registered public accounting firm of internationally

recognized standing, which report and opinion shall be prepared in accordance with generally accepted auditing standards and shall not be subject to any "going concern" or like qualification or exception or any qualification or exception as to the scope of such audit.

9.2 Certificates; Other Information. The Company will deliver to the Administrative Agent for prompt further distribution to each Lender:

(a) not later than 5 Business Days after the delivery of the financial statements referred to in Section 9.1(a), a certificate of the registered public accounting firm certifying such financial statements; and

(b) not later than 5 Business Days after the delivery of the financial statements referred to in Section 9.1(a) and 9.1(b), a duly completed Compliance Certificate signed by the chief executive officer, chief financial officer, treasurer or controller of the Company.

Documents required to be delivered pursuant to Section 9.1(a) or 9.1(b) above may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (a) on which Holdings or the Company posts such documents, or provides a link thereto on Holdings' or the Company's website on the internet at the website address listed on Schedule 9.2; or (b) on which such documents are posted on Holdings' or the Company's behalf on an internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third-party website or whether sponsored by the Administrative Agent); provided that: (i) upon written request by the Administrative Agent, Holdings or the Company shall deliver paper copies of such documents to the Administrative Agent for further distribution to each Lender that requests Holdings or the Company to deliver such paper copies until a written request to cease delivering paper copies is given by the Administrative Agent or such Lender and (ii) Holdings or the Company shall notify the Administrative Agent for further notification to each Lender (by telecopier or electronic mail) of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions (i.e., soft copies) of such documents. Notwithstanding anything contained herein, in every instance Company shall be required to provide paper copies of the Compliance Certificates to the Administrative Agent. Each Lender shall be solely responsible for timely accessing posted documents or requesting delivery of paper copies of such documents from the Administrative Agent and maintaining its copies of such documents.

9.3 Notices. (a) Each Borrower will, or will cause the relevant Subsidiary (other than Jilin and SSMC or any other Unrestricted Subsidiary) to, promptly after a Responsible Officer of the Company or such Subsidiary obtains knowledge thereof, notify the Administrative Agent:

(i) of the occurrence of any Default; and

(ii) of any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, including (A) breach or non-performance of, or any default under, a contractual obligation of the Company or any Subsidiary thereof; (B) any dispute, litigation, investigation, proceeding or suspension between the Company or any Subsidiary thereof and any Governmental Authority; or (C) the commencement of, or any

material development in, any litigation or proceeding affecting the Company or any Subsidiary thereof, including pursuant to any applicable Environmental Laws, which, in any such case, has resulted or could reasonably be expected to result in a Material Adverse Effect.

(b) Each notice pursuant to this Section 9.3 shall be accompanied by a statement of a Responsible Officer of the Company setting forth material details of the occurrence referred to therein and stating what action the Company or the relevant Subsidiary has taken and proposes to take with respect thereto.

9.4 Payment of Obligations. Each Borrower will, and will cause each of its Restricted Subsidiaries to, pay and discharge as the same shall become due and payable, all its obligations and liabilities in respect of taxes, assessments and governmental charges or levies upon it or its properties or assets, unless (a) the same are being contested in good faith by appropriate proceedings diligently conducted and adequate reserves, if any, in accordance with GAAP are being maintained by the Company or such Restricted Subsidiary; or (b) the failure to pay or discharge the same could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

9.5 Preservation of Existence; Assets. Each Borrower will, and will cause each of its Restricted Subsidiaries to:

(a) preserve, renew and maintain in full force and effect its legal existence and good standing under the laws of the jurisdiction of its organization, except to the extent the failure to do so could not, either individually or in the aggregate, reasonably be expected to have a Material Adverse Effect;

(b) take all reasonable action to maintain all rights, privileges, permits, licenses and franchises necessary or desirable in the normal conduct of its business, except (i) to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect or (ii) pursuant to a transaction permitted by Section 10.9 or 10.10; and

(c) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non preservation of which could reasonably be expected to have a Material Adverse Effect.

9.6 Maintenance of Properties. Each Borrower will, and will cause each of its Restricted Subsidiaries to, maintain, preserve and protect all of its material properties and equipment necessary in the operation of its business in good working order and condition, ordinary wear and tear excepted and casualty and condemnation excepted, and make all necessary repairs thereto and renewals and replacements thereof (in accordance with prudent industry practice) except where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

9.7 Maintenance of Insurance. Each Borrower will, and will cause each of its Restricted Subsidiaries to, maintain with financially sound and reputable insurance companies, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by persons engaged in the same or similar business, of such

types and in such amounts (after giving effect to any self-insurance reasonable and customary for similarly situated persons engaged in the same or similar businesses as the Company and its Restricted Subsidiaries) as are customarily carried under similar circumstances by such other persons.

9.8 Compliance with Laws. Each Borrower will, and will cause each of its Restricted Subsidiaries to, comply in all material respects with the requirements of all laws and all orders, writs, injunctions and decrees applicable to it or to its business or property, except in such instances in which (a) such requirement of law or order, writ, injunction or decree is being contested in good faith by appropriate proceedings diligently conducted; or (b) the failure to comply therewith could not reasonably be expected to have a Material Adverse Effect. Without limitation of the foregoing, the Company and each of its Restricted Subsidiaries shall at all times comply (i) with all applicable provisions of law and all applicable regulations and published interpretations thereunder with respect to any employee pension benefit plan or other social security and employee benefit plan governed by the laws in any jurisdiction in which it operates and (ii) with the terms of any such plan (including funding obligations thereunder), except, in each case, for (x) such requirement of law, applicable regulation, published interpretations or plan term is being contested in good faith by appropriate proceeding diligently conducted; or (y) such noncompliance that could not reasonably be expected to have a Material Adverse Effect.

9.9 Inspection Rights. Each Borrower will, and will cause each of its Restricted Subsidiaries to, permit representatives and independent contractors of the Administrative Agent and the Required Lenders to visit and inspect any of its properties, to examine its corporate, financial and operating records, and to discuss its affairs, finances and accounts with its directors, officers, and independent public accountants, at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Company; provided, however, that, excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent on behalf of the Lenders may exercise rights of the Administrative Agent and the Required Lenders under this Section 9.9 and the Administrative Agent shall not exercise such rights more often than two times during any calendar year absent the existence of an Event of Default and for one such time the reasonable expenses of the Administrative Agent in connection with such visit and inspection shall be for the Company’s account; provided further that when an Event Of Default exists the Administrative Agent or any Lender (or any of their respective representatives or independent contractors) may do any of the foregoing at the reasonable expense of the Company at any time during normal business hours and upon reasonable advance notice.

9.10 Use of Proceeds. Each Borrower will use the proceeds of the Loans under this Agreement for general corporate purposes (including, for the avoidance of doubt, refinancing of any existing indebtedness) not in contravention of any law or any Credit Document.

9.11 Guarantees Restricted Subsidiaries. (a) Subject to the Agreed Security Principles, all existing Wholly Owned Subsidiaries (other than an Immaterial Subsidiary and NXP Semiconductors France SAS) will fully and unconditionally guarantee this Agreement within 60 days after the Funding Date (or such longer period as the Administrative Agent may

agree in writing in its sole discretion). If the Company or any of its Restricted Subsidiaries acquires or creates a Wholly Owned Subsidiary (other than an Immaterial Subsidiary) after the Funding Date and the issuance of a Guarantee by such Guarantor is not precluded by the Agreed Security Principles, the new Restricted Subsidiary must, within 30 days (or such longer period as the Administrative Agent may agree in writing) after becoming a Restricted Subsidiary, provide a Guarantee of this Agreement by executing a supplement to the Guaranty in the form attached thereto.

(b) The obligations of each Guarantor under the Guaranty will be limited to the maximum amount that would not render the Guarantors obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of foreign or state law.

(c) The obligations of a Guarantor under the Guaranty will terminate upon:

(i) 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 (other than to the Company or a Restricted Subsidiary), in each case, as permitted by this Agreement;

(ii) the designation in accordance with this Agreement of the Guarantor as an Unrestricted Subsidiary;

(iii) to the extent that the Guarantor is not an Immaterial Subsidiary due to the operation of clause (a) of the definition of “Immaterial Subsidiary”, upon the release of the guarantee referred to in such clause; or

(iv) repayment in full of all amounts due and payable under the Credit Documents and cancellation of Commitments hereunder.

9.12 Additional Liens and Security Interests. (a) Subject to the Agreed Security Principles, within 60 days (or such longer period as the Administrative Agent may agree in writing in its sole discretion) after (i) any Restricted Subsidiary becomes a Guarantor in accordance with Section 9.11 who as at the Signing Date has not granted security pursuant to the Security Documents or (ii) any Credit Party acquires any material property that is not automatically subject to a perfected security interest under the Security Documents, the relevant Credit Party shall, in each case at its sole cost and expense, duly execute and deliver to the Administrative Agent such mortgages, deeds of trust, mortgage amendment, deed of trust amendments, security agreement supplements and other security documents, as reasonably specified by and in form and substance reasonably satisfactory to the Administrative Agent (in form and scope, and covering such collateral on such terms, in each case consistent with the mortgages, security agreements and other security documents in effect on the Signing Date), granting a security interest in favor of the Secured Parties, and take such additional actions (including the giving of notices, the filing of statements and the provision of all instruments and documents reasonably requested by the Administrative Agent) to perfect and protect the security interests of the Secured Parties under the Security Documents. Notwithstanding the foregoing, no Credit Party shall be required to provide a security interest pursuant to this Section 9.12 (x)

except as provided in Section 9.16, in cash or bank accounts prior to the occurrence of an Enforcement Event, (y) if the Agreed Security Principles would not so require or (z) over assets or properties that are not subject to Liens under the Security Documents as a result of the application of the Agreed Security Principles. Any security interest provided pursuant to this Section 9.12 shall be accompanied with such opinions of counsel to the Company as customarily given by borrower's counsel in the relevant jurisdiction (or title company endorsements), in form and substance customary for such jurisdiction. The Company will use reasonable endeavors to procure that its counsel or title company, as the case may be, in any relevant jurisdiction provides a legal opinion in respect of any such security interest.

(b) The obligations of a Credit Party under the Security Documents to which it is a party will terminate upon:

(i) such Credit Party ceasing to be a Guarantor in accordance with Section 9.11(c);

(ii) the designation in accordance with this Agreement of such Credit Party as an Unrestricted Subsidiary; or

(iii) payment and performance in full of the Secured Obligations and the cancellation of Commitments hereunder.

(c) The assets or property of a Credit Party forming part of the Collateral shall be released from the Lien created under any Security Document to which such Credit Party is a party upon the sale or disposition of such assets or property (other than to the Company or a Restricted Subsidiary) in a transaction permitted by this Agreement (other than a sale or disposition subject to Section 10.9 or 10.10(c)).

9.13 Further Assurances. Subject to the Agreed Security Principles, promptly upon request by the Administrative Agent, (a) correct any material defect or error that may be discovered in any Credit Document or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and reregister any and all such further acts, deeds, certificates, assurances and other instruments as the Administrative Agent, may reasonably require from time to time in order to carry out more effectively the purposes of any Credit Document.

9.14 Insurance Endorsements. Within 10 Business Days (or 30 days in the case of the Guarantor organized under the laws of Thailand) (or such later date as the Collateral Agent and the Borrowers may agree) after the Funding Date or such later date on which the relevant Guarantor (i) grants security to secure the Secured Obligations or (ii) takes any steps necessary for the Secured Obligations to benefit from the security documents that secure the Senior Secured Notes (if not already received) and the end of each calendar year, the relevant Collateral Agent shall have received endorsements naming the relevant Collateral Agent, on behalf of the Lenders, as an additional insured or loss payee, as the case may be, under all material insurance policies to be renewed following the Funding Date or entered into prior to the end of such fiscal year with respect to the properties of the Company and its Subsidiaries forming part of the Collateral.

9.15 Equal and Ratable Security. In the event that assets of the Guarantor organized under the laws of the Philippines or the Capital Stock in such Guarantor are provided as security (other than through sharing the benefit of any conditional assignment) for Indebtedness referred to in Section 10.1(b)(i), 10.1(b)(iv), 10.1(b)(xi) or 10.1(b)(xiii) in excess of an aggregate of €25,000,000, then the Company shall, or shall cause the relevant Restricted Subsidiary to, provide that the obligations of the Borrowers under the Credit Documents are secured equally and ratably with all the Indebtedness that causes that threshold to be exceeded, for so long as such Indebtedness is so secured.

9.16 Security Over Cash and Bank Accounts. (a) The Company shall maintain bank accounts held, in each case, with the Global Collateral Agent in London and denominated in US Dollars, Euros and Sterling (each a "Initial Secured Account" and together the "Initial Secured Accounts") (pursuant to Clause 9.16 of the Revolving Credit Agreement) and shall, on the Funding Date, if such accounts are empty, deposit a nominal amount into each Initial Secured Account.

(b) Upon the occurrence and during the continuance of an Enforcement Event the Company shall, and shall procure that each of its Restricted Subsidiaries shall (i) pay the proceeds of the sale or collection of Collateral to a bank account or bank accounts that do not contain other cash of the Company or the relevant Restricted Subsidiary (as the case may be) that is not the proceeds of Collateral, (ii) not comingle the proceeds of Collateral with other cash of the Company or the relevant Restricted Subsidiary and (iii) pay the proceeds of Collateral denominated in US Dollars, Sterling and Euros that are paid to, or received by, the Company or a Restricted Subsidiary promptly to the relevant Initial Secured Account and, to the extent practicable, direct counterparties to pay the proceeds of Collateral directly to the relevant Initial Secured Account.

(c) Upon the occurrence and during the continuance of an Enforcement Event, the Company shall, and shall procure that each of its Restricted Subsidiaries shall, grant, subject to the Agreed Security Principles, a perfected Lien in all bank accounts held by the Company or any Restricted Subsidiary to which proceeds of Collateral are paid, to the extent of the proceeds of such Collateral (any such account, an "Additional Secured Account", and together with the Initial Secured Accounts, the "Secured Accounts"); provided that, to the extent any of the Additional Secured Accounts are or become part of the bank accounts used in the cash management system of the Company, the Company and its Restricted Subsidiaries shall each be entitled to grant a Lien over the Additional Secured Accounts in favor of the bank providing cash management facilities to secure the Company's obligations to such bank, which Lien shall rank equally and ratably with the Lien created in favor of the Global Collateral Agent.

9.17 Conditions Subsequent to the Funding Date. Subject to the Agreed Security Principles, as soon as is reasonably practicable following the Funding Date and in any event within 60 days thereafter (or, in the case of security over assets located in Japan and/or any Security Documents governed by Japanese law and legal opinion to be issued by Japanese counsel, 120 days thereafter or in any case, such longer period as the Administrative Agent may agree in writing in its sole discretion, and specifically in the case of clause (e) below and in respect of any filings or registrations required to perfect Liens granted by a Guarantor incorporated or registered under the laws of Hong Kong in the case of paragraph (c) below, such longer period as is reasonably required following the Funding Date):

(a) the Administrative Agent shall have received accessions to the Guaranty as required pursuant to Section 9.11 of this Agreement;

(b) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received (i) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that the security documents that secure the Senior Secured Notes may continue in force and effect to secure the obligations of the Borrowers under this Agreement, confirmation that such security documents remain in full force and effect and (ii) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that amendments or replacements of the security documents that secure the Senior Secured Notes as of the Funding Date are required in order to ensure that the obligations of the Borrowers under this Agreement and the Guarantors under the Guaranty are secured on a pari passu basis with the Senior Secured Notes, then copies of each such required amended or replaced agreement, executed and delivered by a duly authorized signatory of each party thereto;

(c) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received all documents and instruments, including Uniform Commercial Code or other applicable personal property and fixture security financing statements, required by Law or reasonably requested by a Collateral Agent, as applicable, to be filed, registered or recorded in any relevant jurisdiction to create the Liens intended to be created by the Security Documents and perfect such Liens to the extent required by, and with the priority required by, the Security Documents, shall have been filed, registered or recorded or delivered to such Collateral Agent for filing, registration or recording, subject to the Agreed Security Principles;

(d) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received the executed legal opinions of (i) special German counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent, (ii) special Hong Kong counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (iii) special Philippines counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (iv) special Taiwan counsel to the Borrowers reasonably satisfactory to the Taiwan Collateral Agent, (v) special Taiwan counsel to the Taiwan Collateral Agent reasonably satisfactory to the Taiwan Collateral Agent, (vi) special Thailand counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (vii) special Singapore counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (viii) special English counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (ix) special Japan counsel to the Borrowers and the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (x) special California and Arizona counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent and (xi) special Netherlands counsel to the Borrower reasonably satisfactory to the Global Collateral Agent in each case in substantially the same form and substance as provided under and in connection with the Revolving Credit Agreement or otherwise in form and substance reasonably satisfactory to Global Collateral Agent and the Taiwan Collateral Agent, as applicable, and, in each case, to the extent applicable to entities that are Credit Parties. The Borrowers, the other Credit Parties, Global Collateral Agent and the Taiwan Collateral Agent hereby instruct counsel to deliver such legal opinions; and

(e) NXP Semiconductors Singapore Pte. Ltd. shall progress the necessary "whitewash" procedures under Section 76 of the Companies Act (Chapter 50 of Singapore) in Singapore. Once the necessary "whitewash" procedures are completed, the securities (referred to in clause (b) above) and the Guaranty granted by NXP Semiconductors Singapore Pte Ltd. (pursuant to clause (a) above) will effectively secure all Secured Obligations in respect of liabilities or obligations.

9.18 Change in Control Repurchase

(a) Within 30 days from the occurrence of a Change of Control, the Borrowers shall provide written notice to the Administrative Agent (a "Change of Control Offer Notice") of its offer to repurchase the Loans of each lender in whole (and not in part) at a purchase price in cash equal to 101% of the principal amount of all such Loans plus accrued and unpaid interest to the date of purchase (the "Change of Control Purchase Price").

(b) Within 20 days from the Administrative Agent's receipt of the Change of Control Offer Notice, the Borrower shall pay to the Administrative Agent for the account of each Lender who has elected to have the Borrowers repurchase its Loans in an amount sufficient to repurchase all such Loans at the Change of Control Purchase Price; provided that Lenders shall notify the Administrative Agent of its election to have the Borrower repurchase its Loans within 10 days of the Administrative Agent's receipt of the Change of Control Offer Notice; provided further, that a Lender shall be deemed to have elected not to have its Loans repurchased if it fails to notify the company and Administrative Agent of such election within such 10 day period.

(c) The Borrowers will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the indenture applicable to a Change of Control Offer made by the Borrowers and repurchases all Loans elected for repurchase under such Change of Control Offer.

(d) The Borrowers shall not be obliged to repurchase Loans pursuant to this Section 9.18 in the event and to the extent that they have exercised their right to repay all of the Loans.

(e) The provisions of this Section 9.18 may be waived or modified with the consent of the Required Lenders.

9.19 Parallel Debts. (a) Each of the Credit Parties undertakes by way of an abstract acknowledgment of indebtedness with the Global Collateral Agent to pay to the Global Collateral Agent its Parallel Debts. The parties acknowledge that the Global Collateral Agent is the creditor of the Parallel Debts and shall act in its own name and not as agent of any of the Lenders, the Sole Lead Arranger, the Sole Bookrunner, the Administrative Agent or the Global Collateral Agent or the Taiwan Collateral Agent (each a "Parallel Debt Secured Party") (but always for the benefit of the Parallel Debt Secured Parties in accordance with the provisions of the Credit Documents).

(b) Paragraph (a) above is (i) for the purpose of ensuring the validity and effect of certain security rights governed by German laws, granted by any Credit Party pursuant to the Guaranty; and (ii) without prejudice to the other provisions of the Guaranty. For the avoidance of doubt, (i) the respective Parallel Debt shall be decreased to the extent the Underlying Debt has been repaid or discharged, (ii) the Underlying Debt shall be decreased to the extent that the respective Parallel Debt has been repaid or discharged, and (iii) the amount of the Parallel Debt shall at all times be equal to the amount of the Underlying Debt.

(c) Each Parallel Debt is a separate and independent obligation and shall not make the Global Collateral Agent or any Parallel Debt Secured Party a joint and several creditor of any Underlying Debt.

SECTION 10. Negative Covenants

Each Borrower hereby covenants and agrees that on the Signing Date and thereafter, until the Commitments have terminated and the Loans, together with interest, Fees and all other Secured Obligations incurred hereunder, are paid and performed in full:

10.1 Limitation on Indebtedness. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that the Company and any of the Guarantors may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.00 to 1.0.

(b) Clause (a) will not prohibit the Incurrence of the following Indebtedness:

(i) Indebtedness Incurred pursuant to any Credit Facility (including the Super Priority Notes and also including in respect of letters of credit or bankers' acceptances issued or created thereunder) and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (A) €750,000,000, plus (B) in the case of any refinancing of any Indebtedness permitted under this sub-clause (i) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(ii) (A) (1) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Guarantor and (2) co-issuance by the Co-Borrower of any Indebtedness of the Company, in each case so long as the Incurrence of such Indebtedness is permitted under this Agreement; or

(B) without limiting Section 10.3, Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under this Agreement;

(iii) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; provided, however, that:

(A) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(B) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(iv) Indebtedness represented by (A) any Indebtedness (other than Indebtedness described in sub-clauses (i) and (iii) above) outstanding on the Original Closing Date, (B) Refinancing Indebtedness Incurred in respect of any Indebtedness described in this sub-clause (iv) or sub-clauses (v), (vii), or (xi) below or Incurred pursuant to clause (a) above, (C) Management Advances, (D) the Senior Secured Notes, (E) the Senior Unsecured Notes, and (F) obligations arising under a declaration of joint and several liability in respect of a Restricted Subsidiary used for the purpose of section 2:403 of the Dutch Civil Code (*Burgerlijk Wetboek*) (and any residual liability under such declaration arising pursuant to section 2:404(2) of the Dutch Civil Code) to the extent that such obligations constitute Indebtedness;

(v) Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition); provided, however, with respect to this sub-clause (v), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to clause (a) above after giving effect to the Incurrence of such Indebtedness pursuant to this sub-clause (v), or (y) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(vi) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or senior management of the Company);

(vii) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this sub-clause (vii) and then outstanding, will not exceed at any time outstanding the greater of (A) €100,000,000 and (B) 1% of Total Assets;

(viii) Indebtedness in respect of (A) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (B) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (C) the financing of insurance premiums in the ordinary course of business and (D) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(ix) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); provided that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(x) (A) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is extinguished within five Business Days of Incurrence;

(B) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(C) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(D) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(xi) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this sub-clause (xi) and then outstanding, will not exceed €450,000,000;

(xii) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this sub-clause (xii) and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the Original Closing Date; provided, however, that (A) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Sections 10.2(c)(i), (vi) and (x) to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon, and (B) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this sub-clause (xii) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under Section 10.2 and Sections 10.2(c)(i), (vi), and (x) in reliance thereon;

(xiii) Indebtedness of Non-Guarantor Restricted Subsidiaries incurred as a result of (A) any governmental or regulatory restrictions, limitations or penalties in the nature of capital controls, exchange controls or similar restrictions affecting the incurrence or repayment of intercompany Indebtedness by any Restricted Subsidiary or (B) any ordinary course country risk management policies of the Company restricting or limiting transfers or distributions from the Company or any Restricted Subsidiary to the Company or any Restricted Subsidiary, provided that the principal amount of such Indebtedness so incurred when aggregated with other Indebtedness previously incurred in reliance on this sub-clause (xiii) and still outstanding shall not in the aggregate exceed €350,000,000; and

(xiv) the guarantee by the Company or a Restricted Subsidiary of Debt of any Person in which the Company or a Restricted Subsidiary has beneficial ownership of 15% or more of the Voting Stock in respect of performance, bid or surety bonds issued by or on behalf of any such Person in the ordinary course of business in an aggregate amount, together with all other guarantees of the Company outstanding pursuant to this sub-clause (xiv) on the date of such incurrence, not to exceed €15,000,000.

(c) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 10.1:

(i) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in clauses (a) and (b) above, the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the sub-clauses of clause (b) or clause (a);

(ii) all Indebtedness outstanding on the Original Closing Date under this Agreement and the Super Priority Notes shall be deemed initially Incurred on the Signing Date under clause (b)(i) above and not clause (a) or clause (b)(v)(v) above, and may not be reclassified pursuant to sub-clause (i) above;

(iii) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(iv) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to clause (b)(i), (vii), (xi), (xii) or (xiii) or clause (a) above and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(v) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(vi) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this covenant permitting such Indebtedness; and

(vii) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

(d) Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of this Section 10.1.

(e) The amount of any Indebtedness outstanding as of any date shall be (i) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (ii) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(f) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Section 10.1 the Company shall be in Default of this covenant).

(g) For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; provided that (i) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euros, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (ii) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the Original Closing Date shall be calculated based on the relevant currency exchange rate in effect on the Original Closing Date, except to the extent the amount of such Indebtedness is incurred under a revolving credit facility; and (iii) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euros, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

(h) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this Section 10.1 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing.

(i) If the Company adopts the US Dollars as its reporting currency, it may elect irrevocably to convert all Euro-denominated restrictions into US Dollar-denominated restrictions at the applicable Exchange Rate prevailing on the date of such election, and all references in this Agreement to determining Euro Equivalents and Euro amounts shall apply mutatis mutandis as though referring to US Dollars.

10.2 Limitation on Restricted Payments. (a) The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(i) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(A) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

(B) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a pro rata basis, measured by value);

(ii) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(iii) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (A) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (B) any Indebtedness Incurred pursuant to Section 10.1(b)(iii)) or any Subordinated Shareholder Funding; or

(iv) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in sub-clauses (i) through (iv) above made on or after the Original Closing Date are referred to herein as a "Restricted Payment"), unless, at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(A) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(B) the Fixed Charge Coverage Ratio would not exceed 2.00 to 1.00 after giving effect, on a pro forma basis, to such Restricted Payment; or

(C) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the Original Closing Date (and not returned or rescinded) (including Permitted Payments permitted below by clauses (c)(vi), (x), (xi), and (xii), but excluding all other Restricted Payments permitted by clause (c)) would exceed the sum of (without duplication):

(1) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the Original Closing Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(2) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with clause (b) below) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the Original Closing Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the Original Closing Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on clause (c)(vi) below, and (z) Excluded Contributions);

(3) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with clause (b) below) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the Original Closing Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with clause (b) below) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);

(4) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries after the Original Closing Date resulting from:

(a) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(b) the redesignation of Unrestricted Subsidiaries (other than SSMC) as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this sub-paragraph (4), was included in the calculation of the amount of Restricted Payments referred to in the first sentences of this sub-clause (C); provided, however, that no amount will be included in Consolidated Net Income for purposes of sub-paragraph (1) above to the extent that it is (at the Company's option) included under this sub-paragraph (4); and

(5) the amount of the cash and fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries after the Original Closing Date in connection with:

(a) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company (other than SSMC); and

(b) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate (other than SSMC) to the Company or a Restricted Subsidiary;

provided, however, that no amount will be included in Consolidated Net Income for purposes of sub-paragraph (1) above to the extent that it is (at the Company's option) included under this sub-paragraph (5) above;

provided further, however, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this sub-clause (C).

(b) The fair market value of property or assets other than cash covered by clause (a) above shall be the fair market value thereof as determined in good faith by the Board of Directors of the Company or the relevant Restricted Subsidiary.

(c) Clause (a) above will not prohibit any of the following (collectively, "Permitted Payments"):

(i) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from clause (a)(iv)(C)(2) above;

(ii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Section 10.1;

(iii) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Section 10.1, and that in each case, constitutes Refinancing Indebtedness;

(iv) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(A) (1) from Net Available Cash to the extent permitted under Section 10.5, but only if the Company shall have first complied with Section 10.5 and purchased all Loans tendered pursuant to any offer to repurchase all the Loans required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(B) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "change of control"), but only (1) if the Company shall have first paid in full all amounts due under this Agreement as a result of such Change of Control and purchased all Loans tendered pursuant to the offer to repurchase all the Loans required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (2) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(C) (1) consisting of Acquired Indebtedness (other than Indebtedness Incurred (x) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (y) otherwise in connection with or contemplation of such acquisition) and (2) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(v) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision;

(vi) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of the any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; provided that such payments, loans, advances, dividends or distributions since the Original Closing Date do not exceed an amount (net of repayments of any such loans or advances) equal to (A) €40,000,000 plus (B) €20,000,000 multiplied by the number of calendar years that have commenced since the Original Closing Date plus (C) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Original Closing Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this clause (C), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash Proceeds are not included in any calculation under clause (a)(iv)(C)(2) above;

(vii) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with Section 10.1;

(viii) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(ix) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(A) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(B) amounts constituting or to be used for purposes of making payments (1) in connection with, and of fees and expenses Incurred in connection with, the Transactions or (2) to the extent specified in Sections 10.6(c)(ii), (iii), (v), (vii) and (xii).

(x) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (A) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company and (B) following the Initial Public Offering, an amount equal to the greater of (1) the greater of (x) 7% of the Market Capitalization and (y) 7% of the IPO Market Capitalization; provided that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 2.75 to 1.00 and (2) the greater of (x) 5% of the Market Capitalization and (y) 5% of the IPO Market Capitalization; provided that after giving pro forma effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.25 to 1.00;

(xi) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time not to exceed €200,000,000 less the amount of any such Restricted Payments made prior to the Signing Date but on or after the Original Closing Date pursuant to the corresponding provision of the Revolving Credit Agreement;

(xii) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, provided,

however, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this Section 10.2 or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(xiii) Investments made since the Original Closing Date in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, made since the Original Closing Date or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this sub-clause (xiii);

(xiv) [Reserved];

(xv) [Reserved];

(xvi) (A) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the Original Closing Date; and (B) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the Original Closing Date; provided, however, that, in the case of paragraphs (xvi) and (xvi), the amount of all dividends declared or paid pursuant to sub-clause (xvi) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Company, from the issuance or sale of such Designated Preference Shares;

(xvii) [Reserved];

(xviii) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries other than SSMC (unless the Unrestricted Subsidiary's principal asset is cash and Cash Equivalents or to the extent the assets owned by such Unrestricted Subsidiary were contributed in contemplation to such dividend or distribution); and

(xix) [Reserved].

(d) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

(e) In addition to the foregoing, it will be a breach of this Section 10.2 if any of the Initial Investors receives directly or indirectly from SSMC payments that would, if made by the Company, constitute Restricted Payments of the types described in clauses (a)(i) to (iii) above (inclusive), other than through distributions and dividends (x) to the Company and the

making of such payments by the Company in a manner permitted by the covenant set forth above or (y) on a pro rata basis (proportionate to its ownership of SSMC) to another portfolio company of any Initial Investor, or, in the case of the Seller, another operating subsidiary, engaged in an active business that owns Capital Stock of SSMC at such time.

10.3 Limitation on Liens. The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens or, in the case of assets constituting Collateral, Permitted Collateral Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the Original Closing Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien secures any Indebtedness.

10.4 Limitation on Restrictions on Distributions from Restricted Subsidiaries. (a) The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(i) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(ii) make any loans or advances to the Company or any Restricted Subsidiary; or

(iii) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) Clause (a) above will not prohibit:

(i) any encumbrance or restriction pursuant to (A) any Credit Facility (including the Credit Documents) or (B) any other agreement or instrument, in each case, in effect at or entered into on the Signing Date;

(ii) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of

related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; provided that, for the purposes of this subclause (ii), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(iii) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in sub-clause (i) or (ii) above or this sub-clause (iii) (an "Initial Agreement") or contained in any amendment, supplement or other modification to an agreement referred to in sub-clause (i) or (ii) above or this sub-clause (iii); provided, however, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Lenders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(iv) any encumbrance or restriction:

(A) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(B) contained in mortgages, pledges or other security agreements permitted under this Agreement or securing Indebtedness of the Company or a Restricted Subsidiary permitted under this Agreement to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges or other security agreements; or

(C) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(v) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under this Agreement, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(vi) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(vii) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(viii) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(ix) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(x) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(xi) any encumbrance or restriction arising pursuant to an agreement or instrument relating to any Indebtedness permitted to be Incurred subsequent to the Signing Date pursuant to Section 10.1 if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Lenders than (A) the encumbrances and restrictions contained in this Agreement, together with the Security Documents associated therewith as in effect on the Signing Date or (B) in comparable financings (as determined in good faith by the Company) and where, in the case of paragraph (B), the Company determines at the time of issuance of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Borrowers' ability to make principal or interest payments on the Loans or Unpaid Drawings;

(xii) [Reserved]; or

(xiii) any encumbrance or restriction existing by reason of any Lien permitted under Section 10.3.

10.5 Limitation on Sales of Assets and Subsidiary Stock. (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(i) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(ii) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or

otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(iii) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

(A) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (1) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness under the Revolving Credit Agreement or the Super Priority Notes within 365 days from the later of (x) the date of such Asset Disposition and (y) the receipt of such Net Available Cash; provided, however, that such prepayment shall only be required after the Company and the Co-Borrower have complied with Section 10.5(b)(ii) and in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this paragraph (A), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of the Revolving Credit Agreement) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (2) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; provided that the Company shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this sub-paragraph (A) only if the Company makes (at such time or subsequently in compliance with this Section 10.5) an offer to Lenders to purchase Loans in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Loans at least equal to the proportion that (x) the total aggregate principal amount of Loans outstanding bears to (y) the sum of the total aggregate principal amount of Loans outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

(B) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (1) the date of such Asset Disposition and (2) the receipt of such Net Available Cash; provided, however, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day; provided that to the extent that any disposition in such Asset Sale was of Collateral, the assets (including Voting Stock) acquired with the Net Cash Proceeds thereof shall, subject to the Agreed Security Principles, be pledged as Collateral under the Security Documents substantially simultaneously with such acquisition;

provided that, pending the final application of any such Net Available Cash in accordance with paragraph (A) or paragraph (B) above, the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by this Agreement.

(b) (i) Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in clause (a) above will be deemed to constitute "Excess Proceeds." On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds exceeds €50,000,000, the Borrowers will, subject to sub-clause (i) below, be required to make an offer ("Asset Disposition Offer") to all Lenders and, to the extent the Company elects, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Loans and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Loans in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Loans and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth herein or the agreements governing the Pari Passu Indebtedness, as applicable.

(ii) The Borrowers shall only be required to make an Asset Disposition Offer to Lenders and apply any Excess Proceeds to purchase Loans after the Company and the Co-Borrower have, at the election of the Company and the Co-Borrower, prepaid, repaid or repurchased Indebtedness under the Note Indentures in respect of the Senior Notes, and, in each case, then only to the extent of the Excess Proceeds available after the Company and the Co-Borrower have complied with such obligations or made such prepayment, repayment or repurchase (as the case may be).

(c) To the extent that the aggregate amount of Loans and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Company may use any remaining Excess Proceeds for general corporate purposes, subject to the other provisions of this Agreement. If the aggregate principal amount of the Loans surrendered in any Asset Disposition Offer by Lenders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Loans and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Loans and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in Euro, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Company that is within the Asset Disposition Offer Period (as defined in clause (e) below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

(d) To the extent that any portion of Net Available Cash payable in respect of the Loans is denominated in a currency other than Dollars, the amount thereof payable in respect of such Loans shall not exceed the net amount of funds in Dollars that is actually received by the Company upon converting such portion into Dollars.

(e) The Asset Disposition Offer will remain open for a period of not less than 20 Business Days following its commencement (the "Asset Disposition Offer Period"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "Asset Disposition Purchase Date"), the Borrowers will purchase the principal amount of Loans and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this covenant (the "Asset Disposition Offer Amount") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Loans and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

(f) On or before the Asset Disposition Purchase Date, the Borrowers will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Loans and Pari Passu Indebtedness or portions of Loans and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Loans and Pari Passu Indebtedness so validly tendered and not properly withdrawn. The Company will deliver to the Administrative Agent an Officer's Certificate stating that such Loans or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 10.5. The Borrowers will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) pay to the Administrative Agent for the account of each tendering Lender an amount equal to the purchase price of the Loans so validly tendered and not properly withdrawn by such Lender, and accepted by the Borrowers for purchase.

(g) For the purposes of clause (a)(ii) above, the following will be deemed to be cash:

(i) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(ii) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(iii) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(iv) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the Signing Date from Persons who are not the Company or any Restricted Subsidiary; and

(v) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value,

taken together with all other Designated Non-Cash Consideration received pursuant to this Section 10.5, or designated as such pursuant to the corresponding provision of the Secured Indenture prior to the Signing Date but on or after the Original Closing Date that is at that time outstanding, not to exceed the greater of €100,000,000 and 1% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

10.6 Limitation on Affiliate Transactions. The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "Affiliate Transaction") involving aggregate value in excess of €20,000,000 unless:

(i) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(ii) in the event such Affiliate Transaction involves an aggregate value in excess of €50,000,000, the terms of such transaction have been approved by a majority of the members of the Board of Directors of the Company or the relevant Restricted Subsidiary (as applicable).

(b) Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in clause (a)(ii) above if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Section 10.6 if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Administrative Agent a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

(c) The provisions of clause (b) above will not apply to:

(i) any Restricted Payment permitted to be made pursuant to Section 10.2, any Permitted Payments (other than pursuant to Section 10.2(c)(ix)(B)) or any Permitted Investment (other than Permitted Investments as defined in clauses (a)(ii), (b), (k) and (o) of the definition thereof);

(ii) any issuance or sale of Capital Stock, options, other equity-related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or

arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(iii) any Management Advances and any waiver or transaction with respect thereto;

(iv) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(v) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(vi) the Transactions and the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the Original Closing Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 10.6 or to the extent not more disadvantageous to the Lenders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(vii) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(viii) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the senior management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(ix) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate

or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(x) (A) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; provided that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (B) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of this Agreement;

(xi) without duplication in respect of payments made pursuant to sub-clause (xii) below, (C) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses customary for portfolio companies of the Initial Investors described in clause (a) of the definition thereof and (D) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this paragraph (xi) are approved by a majority of the Board of Directors in good faith; and

(xii) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries.

10.7 Limitation on Business Activities of the Co-Borrower. The Co-Borrower 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 with respect to any Indebtedness issued by the Company or a Guarantor, and may engage in any activities directly related thereto or necessary in connection therewith. The Co-Borrower shall be a Wholly-Owned Subsidiary of the Company at all times.

10.8 [Reserved]

10.9 Merger and Consolidation by the Company. (a) The Company will not consolidate with or merge with or into, or convey, transfer or lease all or substantially all its assets to, any Person, unless:

(i) the resulting, surviving or transferee Person (the "Successor Company") will be a Person organized and existing under the laws of any member state of the European Union on January 1, 2004, or the United States of America, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or

Switzerland and the Successor Company (if not the Company) will expressly assume, by supplemental agreements, executed and delivered to the Administrative Agent, in form reasonably satisfactory to the Administrative Agent, all the obligations of the Company under the Credit Documents;

(ii) 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;

(iii) immediately after giving effect, on a pro forma basis, to such transaction, either (A) the Fixed Coverage Ratio of the Successor Company would exceed 2.00 to 1.00 or (B) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(iv) the Company shall have delivered to the Administrative Agent an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental agreement (if any) comply with this Agreement and an Opinion of Counsel to the effect that such supplemental agreement (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 Administrative Agent), provided that 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 sub-clauses (ii) and (iii) above.

(b) Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with this covenant, and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Section 10.1.

(c) For purposes of this covenant, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

(d) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Agreement and the other Credit Documents but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under this Agreement or the other Credit Documents.

(e) Notwithstanding clauses (a)(ii) and (a)(iii) above (which do not apply to transactions referred to in this clause 10.9(e) and, other than with respect to clause (c) above and clause (a)(iv) above, (i) any Restricted Subsidiary of the Company may consolidate or otherwise

combine with, merge into or transfer all or part of its properties and assets to the Company and (ii) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding clause (a)(ii) or (a)(iii) above (which does not apply to the transactions referred to in this clause 10.9(e), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

(f) This Section 10.9 (other than the requirements of clause (a)(ii) above) shall not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Company.

10.10 Merger and Consolidations by the Co-Borrower and Guarantors. (a) The Co-Borrower may not consolidate with, merge with or into any person or permit any person to merge with or into the Co-Borrower unless:

(i) 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 or any state thereof or the District of Columbia (which may be the Co-Borrower or the continuing person as a result of such transaction) expressly assumes all of the obligations of the Co-Borrower under this Agreement and the other Credit Documents; or

(ii) after giving effect to the transaction, at least one obligor on the Senior Notes is a limited liability company or corporation organized under the laws of the United States of America or any state thereof or the District of Columbia.

(b) Upon the consummation of any transaction effected in accordance with this Section 10.10, the resulting, surviving or transferee Co-Borrower will succeed to, and be substituted for, and may exercise every right and power of, the Co-Borrower under each Credit Document with the same effect as if such successor Person had been named as the Co-Borrower under such Credit Documents. Upon such substitution, the Co-Borrower will be released from its obligations under each Credit Document.

(c) No Guarantor may (i) consolidate with or merge with or into any Person, or (ii) 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 (iii) permit any Person to merge with or into the Guarantor, unless, in any such case:

(A) the other Person is the Company or any Restricted Subsidiary that is 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 the Credit Documents to which such Guarantor is a party; 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 (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by this Agreement.

10.11 Impairment of Liens. The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the Lien with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the Lien with respect to the Collateral) for the benefit of the Secured Parties, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than a Collateral Agent, for the benefit of the Secured Parties, any interest whatsoever in any of the Collateral, except that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged and released in accordance with the Credit Documents.

10.12 Suspension of Covenants on Achievement of Investment Grade Status. If on any date following the Signing Date, the Loans have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Loans cease to have Investment Grade Status (the "Reversion Date"), the following provisions will not apply: Section 10.1, Section 10.2, Section 10.4, Section 10.5, Section 10.6 and Section 10.9(a)(iii) and, in each case, any related default provision will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such covenants and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and Section 10.2 will be interpreted as if it has been in effect since the Signing Date except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to Section 10.1(a) or one of the clauses set forth in the second paragraph of such covenant (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under Section 10.1 such Indebtedness will be deemed to have been outstanding on the Original Closing Date, so that it is classified as permitted under Section 10.1(b)(iv).

In addition, so long as each Rating Agency confirms that the Investment Grade Status for the Loans has taken into account such release, all Liens securing Secured Obligations hereunder will be released upon achievement of Investment Grade Status. All such Liens shall, subject to the Agreed Security Principles, be reinstated upon the Reversion Date.

SECTION 11. Events of Default

11.1 Events of Default. Any of the following shall constitute an Event of Default:

(a) Non-Payment of Interest. Default in any payment of interest on any Loan when due and payable and such default continues for 5 days;

(b) Non-Payment of Principal. Default in the payment of the principal amount of or premium, if any, on any Loan when due pursuant to the terms hereof, including upon any required repurchase, upon acceleration of maturity or otherwise;

(c) Breach of Specific Covenants. Failure to comply for 30 days after notice by the Administrative Agent on behalf of the Lenders or the Required Lenders with any covenant, warranty or other agreement with respect to Section 9.11, Section 9.12 or Section 10;

(d) Breach of Other Covenants. Failure to comply for 60 days after notice by the Administrative Agent on behalf of the Lenders or the Required Lenders with its other agreements (not specified in clause (a), (b) or (c) above) contained in any Credit Document;

(e) Cross-Acceleration. 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 the Company, the Co-Borrower or any of their Restricted Subsidiaries (or the payment of which is Guaranteed by the Company, the Co-Borrower any of their Restricted Subsidiaries) other than Indebtedness owed to the Company, the Co-Borrower or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(i) is caused by a failure to pay principal of, or interest or premium, if any, on such Indebtedness, immediately upon the expiration of the grace period provided in such Indebtedness; or

(ii) results in the acceleration of such Indebtedness prior to its maturity;

and, in each case, the principal amount of any such Indebtedness, together with the 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 €100 million or more;

(f) [Reserved]

(g) Insolvency. Any Credit Party or any of the Restricted Subsidiaries 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;

(h) Breach of Representations. Any representation or warranty made or deemed made by any Credit Party (or any of its officers) under or in connection with any Credit Document shall prove to have been incorrect in any material respect when made or deemed made;

(i) Security Documents. (i) Any Lien under the Security Document on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and this Agreement) for any reason other than the satisfaction in full of all of the Secured Obligations or the release of any such Lien in accordance with the terms hereof or (ii) any Security Document or any Lien created thereunder on any material Collateral shall be declared invalid or unenforceable or a Borrower shall assert in writing that any such Lien is invalid or unenforceable, and, in any such case, such event or circumstance continues for 10 days.

(j) Judgments. Failure by any Credit Party or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Borrowers and their Restricted Subsidiaries), would constitute a Significant Subsidiary, to pay final judgments aggregating in excess of €100,000,000 (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; or

(k) Guaranty. The Guaranty ceases to be in full force and effect, other than in accordance the terms of the Credit Documents and the Agreed Security Principles, or a Guarantor denies or disaffirms its obligations under the Guaranty, other than in accordance with the terms thereof or upon release of the Guaranty in accordance with the Credit Documents; then, and in any such event, and at any time thereafter, if any Event of Default shall then be continuing, the Administrative Agent shall, upon the written request of the Required Lenders, by written notice to the Borrowers, take any or all of the following actions, without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrowers, except as otherwise specifically provided for in this Agreement: (i) declare the Total Commitment terminated, whereupon the Commitments of each Lender shall forthwith terminate immediately and any Fees theretofore accrued shall forthwith become due and payable without any other notice of any kind; and (ii) declare the principal of and any accrued interest and fees in respect of all Loans, and all other amounts owing hereunder or under any other Credit Document to be, whereupon the same shall become, forthwith due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrowers; provided that upon the occurrence of any Event of Default under Section 11.1(g) the Total Commitment and Commitment of each Lender shall automatically terminate, the unpaid principal amount of all outstanding Loans, and all interest and other amounts as aforesaid shall automatically become due and payable, in each case without further act of the Administrative Agent or any Lender.

11.2 [Reserved]

11.3 Application of Funds. After the exercise of remedies as provided in Section 11.1 (or after the Commitments have been automatically cancelled, Loans and all other amounts have automatically become due and payable), any amounts received by the Administrative Agent on account of the Secured Obligations shall be applied in accordance with Section 4 of the Collateral Agency Agreement.

SECTION 12. The Agents

12.1 Appointment. (a) Each Lender hereby irrevocably designates and appoints the Administrative Agent as the agent of such Lender under this Agreement and the other Credit Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender or participant, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against the Administrative Agent.

(b) The Administrative Agent and each Lender hereby irrevocably designate and appoint each Collateral Agent as its agent under this Agreement and the other Credit Documents, and the Administrative Agent and each Lender irrevocably authorize each Collateral Agent, in such capacity, to take such action on their behalf under the provisions of this Agreement and the other Credit Documents and to exercise such powers and perform such duties as are expressly delegated to each Collateral Agent by the terms of this Agreement and the other Credit Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, each Collateral Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with the Administrative Agent or any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Credit Document or otherwise exist against a Collateral Agent.

(c) Notwithstanding any other provision of this Agreement or any provision of any other Credit Document, each of the Sole Lead Arranger and the Sole Bookrunner are named as such for recognition purposes only, and in their respective capacities as such shall have no obligations, duties, responsibilities or liabilities with respect to this Agreement or any other Credit Document; it being understood and agreed that each of the Sole Lead Arranger and the Sole Bookrunner shall be entitled to all benefits of this Section 12. Without limitation of the foregoing, neither the Sole Lead Arranger nor the Sole Bookrunner in their respective capacities as such shall, by reason of this Agreement or any other Credit Document, have any fiduciary relationship in respect of any Lender, Credit Party or any other Person.

(d) Each Lender confirms that the Sole Lead Arranger and the Administrative Agent has authority to accept on its behalf (and ratifies the acceptance on its behalf of any letters or reports already accepted by the Sole Lead Arranger or Administrative Agent) the terms of any reliance letter or engagement letters relating to any reports or letters provided by accountants in connection with the Credit Documents or the transactions contemplated in the Credit Documents (including any net asset letter in connection with the financial assistance procedures) and to bind it in respect of those reports or letters and to sign such letters on its behalf and further confirms that it accepts the terms and qualifications set out in such letters.

12.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Credit Documents by or through agents or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

12.3 Exculpatory Provisions. No Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliates shall be (a) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Credit Document (except for its or such Person's own gross negligence or willful misconduct) or (b) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by the Borrower, any Guarantor, any other Credit Party or any officer thereof contained in this Agreement or any other Credit Document or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or any Collateral Agent under or in connection with, this Agreement or any other Credit Document, or the perfection or priority of any Lien or security interest created or purported to be created under the Security Documents, or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Credit Document or for any failure of the Borrower, any Guarantor or any other Credit Party to perform its obligations hereunder or thereunder. No Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Credit Document, or to inspect the properties, books or records of any Credit Party.

12.4 Reliance by Agents. Each Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to any Credit Party), independent accountants and other experts selected by such Agent. Each Agent may deem and treat the Lender specified in the Register with respect to any amount owing hereunder as the owner thereof for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. Each Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Credit Document unless it shall first receive such advice or concurrence of the Required Lenders as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. Each Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Credit Documents in accordance with a request of the Required Lenders (or such greater number or percentage of Lenders as may be expressly required by this Agreement in any instance), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

12.5 Notice of Default. No Agent shall be deemed to have knowledge or notice of the occurrence of any Default or Event of Default hereunder unless it has received notice from a Lender or a Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders, provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders (except to the extent that this Agreement requires that such action be taken only with the approval of the Required Lenders or each of the Lenders, as applicable).

12.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that no Agent nor any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliates has made any representations or warranties to it and that no act by any Agent hereinafter taken, including any review of the affairs of a Borrower, any Guarantor or any other Credit Party, shall be deemed to constitute any representation or warranty by any Agent to any Lender. Each Lender represents to each Agent that it has, independently and without reliance upon such Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of each Borrower, any Guarantor and any other Credit Party and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Credit Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of any Borrower, any Guarantor and any other Credit Party. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, no Agent shall have any duty or responsibility to provide any Lender with any credit or other information concerning the business, assets, operations, properties, financial condition, prospects or creditworthiness of any Borrower, any Guarantor or any other Credit Party that may come into the possession of such Agent any of its respective officers, directors, employees, agents, attorneys-in-fact or Affiliate.

12.7 Indemnification. The Lenders agree to indemnify each Agent, each in its capacity as such (to the extent not reimbursed by any Credit Party and without limiting the obligation of any Credit Party to do so), ratably according to their respective portions of the aggregate principal amount of the Loans outstanding on the date on which indemnification is sought (or, if indemnification is sought (x) before the Loans shall have been made, each Lender's share of the Total Commitment or (y) after the Loans shall have been paid in full, ratably in accordance with their respective portions of the aggregate principal amount of the Loans outstanding immediately prior to the repayment thereof), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (including at any time following the

payment of the Loans) be imposed on, incurred by or asserted against such Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Credit Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Agent under or in connection with any of the foregoing, provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Agent's gross negligence or willful misconduct, as determined by a final, nonappealable judgment of a court of competent jurisdiction; it being acknowledged and agreed that no action taken in accordance with the instructions of the Required Lenders (or such other number or percentage of the Lenders as shall be required by the Credit Documents) shall constitute gross negligence or willful misconduct. The agreements in this Section 12.7 shall survive termination of the Commitment, the repayment of the Loans and all other amounts payable hereunder.

12.8 Agents in their Individual Capacity. Each Agent and its Affiliates may make loans to, accept deposits from and generally engage in any kind of business with any Borrower, any Guarantor, and any other Credit Party as though it were not an Agent hereunder and under the other Credit Documents. With respect to the Loans made by it, each Agent shall have the same rights and powers under this Agreement and the other Credit Documents as any Lender and may exercise the same as though it were not an Agent, and the terms "Lender" and "Lenders" shall include each Agent in its individual capacity.

12.9 Successor Agents. The Administrative Agent may resign as Administrative Agent upon 20 days' prior written notice to the Lenders and the Borrowers. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Credit Documents, then the Required Lenders shall appoint from among the Lenders a successor Administrative Agent which successor agent shall be approved by the Company (which approval shall not be unreasonably withheld or delayed) so long as no Default or Event of Default is continuing. If no successor agent has accepted appointment as the Administrative Agent by the date which is twenty (20) days following the retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. Upon the acceptance of any appointment as the Administrative Agent hereunder by a successor (or upon the Lenders assuming such role as provided above) and upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to the Security Documents, and such other instruments or notices, as may be necessary or desirable, as the Required Lenders may request, in order to (1) continue the perfection of the Liens granted or purported to be granted by the Security Documents or (2) otherwise ensure that the requirements set forth in Section 9.11 are satisfied, the Administrative Agent shall thereupon succeed to the rights, powers and duties of the Administrative Agent and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 12 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Credit Documents.

12.10 Withholding Tax and Deductions. To the extent required by any applicable Law, the Administrative Agent may withhold from any interest payment to any Lender an amount equivalent to any applicable withholding tax. If the Internal Revenue Service or any authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Lender (because the appropriate form was not delivered, was not properly executed, or because such Lender failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason), such Lender shall indemnify the Administrative Agent (to the extent that the Administrative Agent has not already been reimbursed by a Credit Party and without limiting the obligation of any Credit Party to do so) fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, together with all expenses incurred, including legal expenses, allocated staff costs and any out of pocket expenses.

12.11 Administrative Agent May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to any Credit Party, the Administrative Agent (irrespective of whether the principal of any Loan shall then be due and payable as herein expressed or by declaration or otherwise and irrespective of whether the Administrative Agent shall have made any demand on any Borrower) shall be entitled and empowered, by intervention in such proceeding or otherwise:

(a) to file and prove a claim for the whole amount of the principal and interest owing and unpaid in respect of the Loans and all other Secured Obligations that are owing and unpaid and to file such other documents as may be necessary or advisable in order to have the claims of the Lenders, and the Administrative Agent (including any claim for the reasonable compensation, expenses, disbursements and advances of the Lenders and the Administrative Agent and their respective agents and counsel and all other amounts due the Lenders and the Administrative Agent under Section 4.1 and 13.6) allowed in such judicial proceeding; and

(b) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Lender to make such payments to the Administrative Agent and, in the event that the Administrative Agent shall consent to the making of such payments directly to the Lenders, to pay to the Administrative Agent any amount due for the reasonable compensation, expenses, disbursements and advances of the Agents and their respective agents and counsel, and any other amounts due the Administrative Agent under Sections 4.1 and 13.6.

Nothing contained herein shall be deemed to authorize the Administrative Agent to authorize or consent to or accept or adopt on behalf of any Lender any plan of reorganization, arrangement, adjustment or composition affecting the Secured Obligations or the rights of any Lender or to authorize the Administrative Agent to vote in respect of the claim of any Lender in any such proceeding.

12.12 Joint and Several Claims. Each of the Agents and Lenders hereby agree that as regards any Collateral located in or related to the Republic of China, the Taiwan Collateral Agent shall be deemed to be a creditor jointly and severally with each of them with respect to the rights and claims against the Credit Parties hereunder and under any of the other Credit Documents pursuant to Article 283 of the Republic of China Civil Code and that the Taiwan Collateral Agent shall be entitled to exercise and pursue all such rights and claims against the Credit Parties in its capacity as a joint and several creditor and for the joint and several benefit of the Agents and the Lenders. Each of the Agents and Lenders hereby further agree that as regards any Collateral located in or related to Japan, the Global Collateral Agent shall be deemed to be a creditor jointly and severally with each of them with respect to the rights and claims against the Credit Parties hereunder and under any of the other Credit Documents and that the Global Collateral Agent shall be entitled to exercise and pursue all such rights and claims against the Credit Parties in its capacity as a joint and several creditor and for the joint and several benefit of the Agents and Lenders.

SECTION 13. Miscellaneous.

13.1 Professional Market Party Representations (a) For the purpose of this Section 13.1, each Lender includes the domestic or foreign branch office or Affiliate making a Loan.

(b) Without limiting the Borrower's obligations under the FMSA, each Lender which is a party to this Agreement on the date hereof represents and warrants to each party to this Agreement on the date hereof that it is a PMP.

(c) If, on the date on which a party becomes a Lender, it is a requirement of Dutch law that such party be a PMP, each such new Lender represents and warrants to each party to this Agreement on the date on which it becomes a party to this Agreement as a Lender that it is a PMP.

(d) Each Lender acknowledges that (b) it is aware of the consequences of the representation and warranty made by it under this Section 13.1 and (c) each of the Agents and other Lenders and the Company has relied upon such representation and warranty.

13.2 Amendments and Waivers. (a) Neither this Agreement nor any other Credit Document, nor any terms hereof or thereof may be amended, supplemented, modified or waived except in accordance with the provisions of this Section 13.2. The Required Lenders may, or, with the written consent of the Required Lenders, the Administrative Agent may, from time to time (i) enter into with the relevant Credit Party or Credit Parties written amendments, supplements, modifications or waivers hereto and to the other Credit Documents for the purpose of adding any provisions to this Agreement or the other Credit Documents or changing in any manner the rights of the Lenders or of the Credit Parties hereunder or thereunder or (ii) waive in writing, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or

the other Credit Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement, modification or waiver shall directly (A) forgive or reduce or waive any portion of any Loan or extend the final scheduled maturity date of any Loan (it being understood that only the consent of the Required Lenders shall be necessary to waive any obligation of the Borrowers to pay interest at the "default rate"), or forgive any portion, or extend the date for the payment, of any interest or fee payable hereunder (other than as a result of waiving the applicability of any post-default increase in interest rates), or extend the final expiration date of any Lender's Commitment, or increase the aggregate amount of the Commitments of any Lender, or amend or modify any provisions of Section 5.2(a) (with respect to the ratable allocation of any payments only) and 13.11(a), in each case without the written consent of each Lender directly and adversely affected thereby, (B) amend, modify or waive any provision of this Section 13.2 or reduce the percentages specified in the definitions of the terms "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders required to amend, waive or otherwise modify any rights hereunder or make any determination or grant any consent hereunder, or consent to the assignment or transfer by any Borrower of its rights and obligations under any Credit Document to which it is a party (except as permitted pursuant to Sections 10.9 or 10.10), (in any such case) without the written consent of each Lender, (C) amend, modify or waive any provision of Section 12 without the written consent of each Agent, (D) release all or substantially all of the Guarantors under the Guaranty (except as expressly permitted by the Guaranty) or release all or substantially all of the Collateral under any of the Security Documents, without the prior written consent of each Lender, (E) amend Section 2.9 so as to permit Interest Periods of greater than six months without the written consent of each Lender directly and adversely affected thereby, (F) affect the rights, duties, privileges, liabilities or obligations of, or any fees or other amounts payable to, the Administrative Agent under this Agreement or the other Credit Documents, without the written consent of the Administrative Agent or (G) amend, modify or waive any provision of Section 9.17 without the written consent of each Lender. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the affected Lenders and shall be binding upon the Borrowers, the Lenders, the Administrative Agent and all future holders of the affected Loans. In the case of any waiver, the Borrowers, the Lenders and the Administrative Agent shall be restored to their former positions and rights hereunder and under the other Credit Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing, it being understood that no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Notwithstanding the foregoing, the Administrative Agent may, without notice or consent of the Required Lenders, amend or supplement this Agreement to cure any ambiguity, omission, defect, error or inconsistency in this Agreement;

(b) Notwithstanding anything to the contrary herein, no Defaulting Lender shall have any right to approve or disapprove any amendment, waiver or consent hereunder, except that the Commitment of such Lender may not be increased or extended without the consent of such Lender (it being understood that any Commitments or Loans held or deemed held by any Defaulting Lender shall be excluded for a vote of the Lenders hereunder requiring any consent of the Lenders).

13.3 Notices. Unless otherwise expressly provided herein, all notices and other communications provided for hereunder or under any other Credit Document shall be in

writing (including by facsimile transmission). All such written notices shall be mailed, faxed or delivered to the applicable address, facsimile number or electronic mail address, and all notices and other communications expressly permitted hereunder to be given by telephone shall be made to the applicable telephone number, as follows:

(a) if to a Borrower, the Administrative Agent or any Collateral Agent, to the address, facsimile number, electronic mail address or telephone number specified for such Person on Schedule 13.2 or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the other parties; and

(b) if to any other Lender, to the address, facsimile number, electronic mail address or telephone number specified in its Administrative Questionnaire or to such other address, facsimile number, electronic mail address or telephone number as shall be designated by such party in a notice to the Borrowers, the Administrative Agent and any Collateral Agent.

All such notices and other communications shall be deemed to be given or made upon the earlier to occur of (i) actual receipt by the relevant party hereto and (ii) (A) if delivered by hand or by courier, when signed for by or on behalf of the relevant party hereto; (B) if delivered by mail, three (3) Business Days after deposit in the mails, postage prepaid; (C) if delivered by facsimile, when sent and receipt has been confirmed by telephone; and (D) if delivered by electronic mail, when delivered; provided that notices and other communications to the Administrative Agent or the Lenders pursuant to Sections 2.3, 2.6, 2.9, 4.2 and 5.1 shall not be effective until received.

13.4 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent, a Collateral Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Credit Documents shall operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

13.5 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Credit Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans hereunder.

13.6 Payment of Expenses and Taxes. The Company and the Co-Borrower jointly and severally agree (a) to pay or reimburse the Agents for all their reasonable out-of-pocket costs and expenses incurred after the Signing Date in connection with any amendment, supplement or modification to, this Agreement and the other Credit Documents and any other documents prepared in connection therewith including the reasonable fees, disbursements and other charges of the Administrative Agent’s counsel, (b) to pay or reimburse each Lender and Agent for all its reasonable and documented costs and expenses incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Credit Documents and any such other documents, including the reasonable fees, disbursements and other charges of

counsel to each Lender and the Agents, (c) subject to the Agreed Security Principles, to pay, indemnify, and hold harmless each Lender and Agent from, any and all recording and filing fees incurred on or after the Signing Date and (d) to pay, indemnify, and hold harmless each Lender and Agent and their respective directors, officers, employees, advisors and agents from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever, including reasonable and documented fees, disbursements and other charges of counsel, with respect to the enforcement, performance and (except in the case of each Agent) administration of this Agreement, the other Credit Documents and any such other documents, including, without limitation, any of the foregoing relating to any violation of, noncompliance with or liability under, any Environmental Law or to any actual or alleged presence, release or threatened release of Hazardous Materials involving or attributable to the operations of any Borrower, any of its Subsidiaries (all the foregoing in this clause (d), collectively, the "indemnified liabilities"), provided that the Company and the Co-Borrower shall have no obligation hereunder to the Administrative Agent or any Lender nor any of their respective Related Parties with respect to indemnified liabilities to the extent attributable to (i) the gross negligence or willful misconduct of the party to be indemnified or any of its Related Parties, as determined by a final, nonappealable judgment of a court of competent jurisdiction, or (ii) disputes among the Administrative Agent, the Lenders and/or their transferees. All amounts payable under this Section 13.6 shall be paid within ten Business Days of receipt by the Company or the Co-Borrower (as the case may be) of an invoice relating thereto setting forth such expense in reasonable detail. In the case of an investigation, litigation or proceeding to which the indemnity in this paragraph applies, such indemnity shall be effective whether or not such investigation, litigation or proceeding is brought by the Borrower, any Guarantors, any equityholders or creditors or an indemnified party or any other person or entity, whether or not an indemnified party is otherwise a party thereto and whether or not the transactions contemplated hereby are consummated. The agreements in this Section 13.6 shall survive resignation of any Agent, the replacement of any Lender, the termination of the Total Commitments and repayment of the Loans and all other amounts payable hereunder.

13.7 Successors and Assigns; Participations and Assignments. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that (i) no Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by any Borrower or without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section 13.7. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (c) of this Section 13.7) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent of (i) the Administrative Agent, which consent shall not be

unreasonably withheld or delayed), provided that no consent of the Administrative Agent shall be required for (x) an assignment of any Commitment to an assignee that is a Lender or (y) any Loan to a Lender, an Affiliate of a Lender, an Agent or an Affiliate of an Agent or an Approved Fund; (ii) prior to and including the Funding Date, the Company (which consent shall not be unreasonably withheld or delayed), provided that (except in the case of an assignment by the Taiwan Collateral Agent) no consent of the Company shall be required for an assignment to a Lender, an Affiliate of a Lender, an Agent or an Affiliate of an Agent (unless increased costs would result therefrom except if an Event of Default under Section 11.1(a), (b) or, with respect to any Credit Party, (g) has occurred and is continuing), an Approved Fund or, if an Event of Default under Section 11.1(a), (b) or, with respect to any Credit Party, (g) has occurred and is continuing, any other assignee; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 5 Business Days after having received notice thereof; and (iii) after the Funding Date, the Company in the case of an assignment by the Taiwan Collateral Agent; provided that the Company shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within 5 Business Days after having received notice thereof.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender, an Affiliate of a Lender, an Agent or an Affiliate of an Agent or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitment or Loans, the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall not be less than $1,000,000, unless each of the Company and the Administrative Agent otherwise consents (which consent shall not be unreasonably withheld or delayed), provided that contemporaneous assignments to a single assignee made by Affiliates of Lenders and related Approved Funds shall be aggregated for purposes of meeting the minimum assignment amount requirements stated above;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Acceptance, together with a processing and recordation fee of $3,500, provided that the Administrative Agent may, in its sole discretion, elect to waive such processing and recordation fee, and provided further that only one such fee shall be payable in the event of simultaneous assignments to or from two or more Approved Funds; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an administrative questionnaire in a form approved by the Administrative Agent (the "Administrative Questionnaire").

For the purpose of this Section 13.7(b), the term "Approved Fund" means any Person (other than a natural person) that is (or will at the time of the relevant assignment be) engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course and that is managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that manages a Lender.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(v) of this Section 13.7, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.10, 2.11, 5.3 and 13.6). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 13.7 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section 13.7.

(iv) The Administrative Agent, acting for this purpose as an agent of the Borrowers shall maintain at the Administrative Agent's Office a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). Further, the Register shall contain the name and address of the Administrative Agent and the lending office through which each such Person acts under this Agreement. The entries in the Register shall be conclusive, and the Borrowers, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrowers and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section 13.7 and any written consent to such assignment required by paragraph (b) of this Section 13.7, the Administrative Agent shall accept such Assignment and Acceptance and record the information contained therein in the Register. Promptly following any change to the Register, the Administrative Agent shall deliver to the Company an updated version thereof.

(c) (i) Any Lender may, without the consent of the Borrowers or the Administrative Agent, sell participations to one or more banks or other entities (each, a "Participant") in all or a portion of such Lender's rights and obligations under this Agreement

(including all or a portion of its Commitments and the Loans owing to it), provided that (A) such Lender's obligations under this Agreement shall remain unchanged, (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (C) the Borrowers, the Administrative Agent and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and (D) at any time it is a requirement of Dutch law on the date participations are sold to a Participant, such Participant is a PMP. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement or any other Credit Document, provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 13.2 that affects such Participant. Subject to paragraph (c)(ii) of this Section 13.7, each Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.10, 2.11 and 5.3 to the same extent as if it were a Lender (subject to the requirements of those Sections) and had acquired its interest by assignment pursuant to paragraph (b) of this Section 13.7. To the extent permitted by Law, each Participant also shall be entitled to the benefits of Section 13.11(b) as though it were a Lender, provided such Participant agrees to be subject to Section 13.7(a) as though it were a Lender.

(ii) A Participant shall not be entitled to receive any greater payment under Section 2.10 or 5.3 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Company's prior written consent (which consent shall not be unreasonably withheld or delayed).

(d) Any Lender may, without the consent of the Borrowers or the Administrative Agent, at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including any pledge or assignment to secure obligations to a Federal Reserve Bank, and this Section 13.7 shall not apply to any such pledge or assignment of a security interest, provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto. In order to facilitate such pledge or assignment, each Borrower hereby agrees that, upon request of any Lender at any time and from time to time after such Borrower has made its initial borrowing hereunder, such Borrower shall provide to such Lender, at such Borrower's own expense, a promissory note, substantially in the form of Exhibit D, as the case may be, evidencing the Loans owing to such Lender; provided that any such promissory note shall be governed by the laws of the State of New York and the Borrowers shall not be required to pay for any notarization of any such promissory note.

(e) Subject to Section 13.19, each Borrower authorizes each Lender to disclose to any Participant, secured creditor of such Lender or assignee (each, a "Transferee") and any prospective Transferee any and all information in such Lender's possession concerning the Borrowers and their respective Affiliates that has been delivered to such Lender by or on behalf of the Borrowers and their respective Affiliates pursuant to this Agreement or any other Credit Document or which has been delivered to such Lender by or on behalf of the Borrowers and their respective Affiliates in connection with such Lender's credit evaluation of the Borrowers and their respective Affiliates prior to becoming a party to this Agreement.

(f) Notwithstanding anything to the contrary contained herein, (x) any Lender may, at any time, assign all or a portion of its rights and obligations under this Agreement in respect of its Loans or Commitments to the Company and/or any Subsidiary and (y) the Company and/or any Subsidiary may, from time to time, purchase or prepay Loans, in each case, on a non-pro rata basis.

13.8 Replacements of Lenders under Certain Circumstances. (a) A Borrower shall be permitted to replace any Lender that (i) requests reimbursement for amounts owing pursuant to Section 2.10, or 5.3; (ii) is affected in the manner described in Section 2.10(a)(iii) and as a result thereof any of the actions described in such Section is required to be taken; or (iii) becomes a Defaulting Lender with (in any such case) a replacement bank or other financial institution, provided that (1) such replacement does not conflict with any Law, (2) no Event of Default shall have occurred and be continuing at the time of such replacement, (3) such Borrower shall repay (or the replacement bank or institution shall purchase, at par) all Loans and other amounts (other than any disputed amounts), pursuant to Section 2.10, 2.11, or 5.3, as the case may be) owing to such replaced Lender prior to the date of replacement, (4) the replacement bank or institution, if not already a Lender, and the terms and conditions of such replacement, shall be reasonably satisfactory to the Administrative Agent, (5) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 13.7 (provided that the Borrowers shall be obligated to pay the registration and processing fee referred to therein) and (6) any such replacement shall not be deemed to be a waiver of any rights that such Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

(b) If any Lender (such Lender, a "Non-Consenting Lender") has failed to consent to a proposed amendment, waiver, discharge or termination which pursuant to the terms of Section 13.2 requires the consent of all of the Lenders affected and with respect to which the Required Lenders shall have granted their consent, then provided no Event of Default then exists, the Company shall have the right (unless such Non-Consenting Lender grants such consent) to replace such Non-Consenting Lender by requiring such Non-Consenting Lender to assign its Loans, and its Commitments hereunder to one or more assignees reasonably acceptable to the Administrative Agent, provided that: (i) all Secured Obligations of the Borrowers owing to such Non-Consenting Lender being replaced shall be paid in full to such Non-Consenting Lender concurrently with such assignment, and (ii) the replacement Lender shall purchase the foregoing by paying to such Non-Consenting Lender a price equal to the principal amount thereof plus accrued and unpaid interest thereon. In connection with any such assignment, the Borrowers, Administrative Agent, such Non-Consenting Lender and the replacement Lender shall otherwise comply with Section 13.7.

13.9 [Reserved]

13.10 Assignment to SPCs. Notwithstanding anything to the contrary contained herein, any Lender (a "Granting Lender") may grant to a special purpose funding vehicle identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Company (an "SPC") the option to provide all or any part of any

Loan that such Granting Lender would otherwise be obligated to make pursuant to this Agreement; provided that (i) such SPC makes the representations and warranties applicable to Lenders set forth in Section 13.1 (ii) nothing herein shall constitute a commitment by any SPC to fund any Loan, and (iii) if an SPC elects not to exercise such option or otherwise fails to make all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. Each party hereto hereby agrees that (i) neither the grant to any SPC nor the exercise by any SPC of such option shall increase the cost or expenses or otherwise increase or change the obligations of any Borrower under this Agreement (including its obligations under Section 2.10, 2.11, or 5.3, (ii) no SPC shall be liable for any indemnity or similar payment obligation under this Agreement for which a Lender would be liable, and (iii) the Granting Lender shall for all purposes, including the approval of any amendment, waiver or other modification of any provision of any Credit Document, remain the lender of record hereunder. The making of a Loan by an SPC hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Notwithstanding anything to the contrary contained herein, any SPC may (i) with notice to, but without prior consent of any Borrower and the Administrative Agent and with the payment of a processing fee of €3,500 assign all or any portion of its right to receive payment with respect to any Loan to the Granting Lender and (ii) disclose on a confidential basis any non-public information relating to its funding of Loans to any rating agency, commercial paper dealer or provider of any surety or Guarantee or credit or liquidity enhancement to such SPC; provided that the information disclosed shall be limited to the extent necessary to satisfy the requirements of any such rating agency, commercial paper dealer, provider of any surety or Guarantee or credit or liquidity enhancement and shall not include (without the prior written consent of the Company) non-public projections, forecasts or any other forward looking information provided by, or relating to, the Company.

13.11 Adjustments; Set-off. (a) If any Lender (a "benefited Lender") shall at any time receive any payment of all or part of its Loans, or interest thereon, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 11.1(g), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of such other Lender's Loans, or interest thereon, such benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of each such other Lender's Loan, or shall provide such other Lenders with the benefits of any such collateral, or the proceeds thereof, as shall be necessary to cause such benefited Lender to share the excess payment or benefits of such collateral or proceeds ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) After the occurrence and during the continuance of an Event of Default, in addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to any Borrower, any such notice being expressly waived by each Borrower to the extent permitted by applicable Law, upon any amount becoming due and payable by a Borrower hereunder (whether at the stated maturity, by acceleration or otherwise) to set-off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or

claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any of its Affiliates or any branch or agency thereof to or for the credit or the account of such Borrower. Each Lender agrees promptly to notify the Company and the Administrative Agent after any such set-off and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such set-off and application.

13.12 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

13.13 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

13.14 Integration. This Agreement and the other Credit Documents represent the agreement of the Borrowers, the Collateral Agents, the Administrative Agent and the Lenders with respect to the subject matter hereof, and there are no promises, undertakings, representations or warranties by the Borrowers, the Administrative Agent, the Collateral Agents or any Lender relative to subject matter hereof not expressly set forth or referred to herein or in the other Credit Documents.

13.15 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

13.16 Submission to Jurisdiction; Waivers. Each party hereto hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) in the case of each Credit Party party hereto (other than the Co-Borrower) appoints the Co-Borrower (the "Process Agent") as its agent to receive on behalf of such Credit Party and its property service of copies of the summons and complaint and any other process

which may be served by the Administrative Agent or any Lender in any such action or proceeding in any aforementioned court in respect of any action or proceeding arising out of or relating to this Agreement. Such service may be made by delivering a copy of such process to such Credit Party by courier and by certified mail (return receipt requested), fees and postage prepaid, both (i) in care of the Process Agent at the Process Agent's address and (ii) at the relevant Credit Party's address specified pursuant to Section 13.3, and each Credit Party hereby irrevocably authorizes and directs the Process Agent to accept such service on its behalf that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person at its address set forth on Schedule 13.2 at such other address of which the Administrative Agent shall have been notified pursuant to Section 13.3;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section 13.16 any special, exemplary, punitive or consequential damages.

13.17 Acknowledgments. Each Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Credit Documents;

(b) no Agent nor any Lender has any fiduciary relationship with or duty to any Borrower arising out of or in connection with this Agreement or any of the other Credit Documents, and the relationship between such Agent and Lenders, on one hand, and the Borrowers, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Credit Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrowers and the Lenders.

13.18 **WAIVERS OF JURY TRIAL.** EACH BORROWER, EACH AGENT AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

13.19 Confidentiality. The Administrative Agent and each Lender shall hold all non-public information furnished by or on behalf of a Borrower in connection with such Lender's evaluation of whether to become a Lender hereunder or obtained by such Lender or the Administrative Agent pursuant to the requirements of this Agreement ("Confidential Information"), confidential in accordance with its customary procedure for handling confidential information of this nature and (in the case of a Lender that is a bank) in accordance with safe and sound banking practices and in any event may make disclosure (a) as required or requested by any Governmental Authority or representative thereof or pursuant to legal process, or (b) to such

Lender's or the Administrative Agent's attorneys, professional advisors or independent auditors or Affiliates, (c) to any other party to this Agreement, (d) to any pledgee referred to in Section 13.7(d), provided that the information disclosed shall be limited to the extent necessary to satisfy the requirements of such pledgee and shall not include (without the prior written consent of the Company) non-public projections, forecasts or other forward looking information provided by, or relating to, the Company, (e) to the extent such Confidential Information becomes publicly available other than as a result of a breach of this Section 13.19 and (f) otherwise with prior written consent of the Company, provided that unless specifically prohibited by applicable Law or court order or similar process, each Lender and the Administrative Agent shall notify the Company of any request by any Governmental Authority or representative thereof (other than any such request in connection with an examination of the financial condition of such Lender by such Governmental Authority) for disclosure of any such non-public information prior to disclosure of such information, and provided, further, that in no event shall any Lender or the Administrative Agent be obligated or required to return any materials furnished by a Borrower or any Subsidiary of a Borrower. Each Lender and the Administrative Agent agrees that it will not provide to prospective Transferees or to prospective direct or indirect contractual counterparties in Hedge Agreements to be entered into in connection with Loans made hereunder any of the Confidential Information unless such Person is advised of and agrees to be bound by provisions at least as restrictive as those of this Section 13.19.

13.20 Direct Website Communications.

(a) (i) A Borrower may, at its option but subject to the limitations set forth in Sections 9.1 and 9.2, provide to the Administrative Agent any information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Credit Documents, including, without limitation, all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (A) relates to a request for a new, or a conversion or extension of an existing Borrowing (including any election of an Interest rate or Interest Period relating thereto), (B) relates to the payment of any principal or other amount due under the Credit Agreement prior to the scheduled date therefor, (C) provides notice of any Default or Event of Default or (D) is required to be delivered to satisfy any condition precedent to the effectiveness of the Credit Agreement and/or any Borrowing (all such non-excluded communications being referred to herein collectively as "Communications"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to the Administrative Agent to the contact provided in Schedule 13.2 attached hereto. Nothing in this Section 13.20 shall prejudice the right of the Borrowers, the Administrative Agent or any Lender to give any notice or other communication pursuant to any Credit Document in any other manner specified in such Credit Document.

(ii) The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Credit Documents. Each Lender agrees that notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Credit Documents. Each Lender agrees (A) to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and (B) that the foregoing notice may be sent to such e-mail address.

(b) Each Borrower further agrees that the Administrative Agent may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform"), so long as the access to such Platform is limited (i) to the Agents and the Lenders and (ii) remains subject the confidentiality requirements set forth in Section 13.19.

(c) The Platform is provided "as is" and "as available". The Agent Parties do not warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by the Agent Parties in connection with the Communications or the Platform. In no event shall the Administrative Agent, a Collateral Agent or any of its Affiliates or any of their respective officers, directors, employees, agents, advisors or representatives (collectively, "Agent Parties") have any liability to any Borrower, any Lender or any other person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of a Borrower's or the Administrative Agent's transmission of Communications through the internet, except to the extent the liability of any Agent Party resulted from such Agent Party's (or any of its Related Parties) gross negligence or willful misconduct.

13.21 USA Patriot Act. Each Lender hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrowers, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrowers in accordance with the Patriot Act.

IN WITNESS WHEREOF, each of the parties hereto has caused a counterpart of this Agreement to be duly executed and delivered as of the data first above written.

BORROWERS

NXP B.V.

By: 

Name: GUIDO DIERICK
Title: AUTHORIZED SIGNATORY

NXP FUNDING LLC

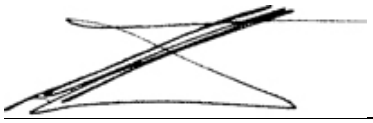
By: 

Name: GUIDO DIERICK
Title: VP & DIRECTOR

[Signature Page to Secured Term Credit Agreement]

GLOBAL COLLATERAL AGENT

MORGAN STANLEY SENIOR FUNDING, INC.,
as Global Collateral Agent

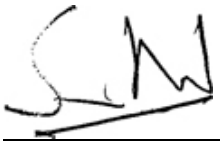
By: 

Name: Andrew Ross Atkins
Title: Authorised Signatory

[Signature Page to Secured Term Credit Agreement]

TAIWAN COLLATERAL AGENT

MIZUHO CORPORATE BANK, LTD.,
as Taiwan Collateral Agent

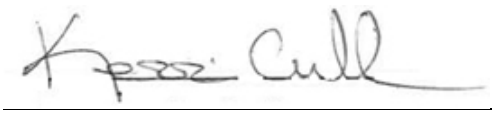
By: 

Name: SIMON MEYWOOD
Title: JOINT GENERAL MANAGER

[Signature Page to Secured Term Credit Agreement]

ADMINISTRATIVE AGENT

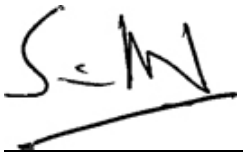
BARCLAYS BANK PLC,
as Administrative Agent and Lender

By: 

Name: Kevin Cullen
Title: Director

[Signature Page to Secured Term Credit Agreement]

MIZUHO CORPORATE BANK, LTD.,
as Lender

By: 

Name: SIMON MEYWOOD
Title: JOINT GENERAL MANAGER

[Signature Page to Secured Term Credit Agreement]

SCHEDULE 1.1(a)

AGREED SECURITY PRINCIPLES

1. Agreed Security Principles

1.1 The Guarantees and Liens to be provided by the Credit Parties will be given in accordance with certain agreed security principles (the "Agreed Security Principles"). This Schedule 1.1(a) identifies the Agreed Security Principles and addresses the manner in which the Agreed Security Principles will impact on or be determinant of the Guarantees and Liens to be taken in relation to this Agreement.

1.2 All Guarantees, Liens and security shall be provided in accordance with the Guarantees, Liens and security provided under or in connection with the Senior Secured Notes (including on substantially the same terms thereof and subject to the Agreed Security Principles).

1.3 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 limitations, 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 Liens 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 Documents 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 Lenders of obtaining such security;

(d) where there is material incremental cost involved in creating security over all assets owned by any of the Borrowers 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 1.1(a) 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 (but which are not created in contemplation of the Transactions) or are not prohibited by this Agreement and which (subject to override by the UCC 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 the Administrative 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 (but which are not created in contemplation of the Transactions) or are not prohibited by this Agreement, 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 Agreement;

(h) in the case of accounts receivable, a material adverse effect on the Company's , the Co-Borrower'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 Borrowers 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 Borrowers 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 Lenders at their option; and

(k) 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 Agreement 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 as part of the Transactions:

(a) the terms of each Security Document shall be in substantially the same form as such corresponding security document was provided under or in connection with the Senior Secured Notes;

(b) 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 Credit Documents or, if earlier or to the extent no such time period is specified in the Credit Documents, within the time periods specified by applicable law in order to ensure due perfection;

(c) the security will not be enforceable until an Event of Default has occurred and notice of acceleration of the Loans has been given by the applicable Administrative Agent or the Loans have otherwise become due and payable prior to the scheduled maturity thereof (an "Enforcement Event");

(d) 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;

(e) 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;

(f) notification of any security interest over insurance policies will be served on any insurer of the Company's or any Restricted Subsidiaries' assets (other than in respect of any insurance policy maintained by the Company or any of its Restricted Subsidiaries which is due to expire on or before December 31, 2011);

(g) 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 Agreement or are necessary for the creation or perfection of the security;

(h) 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 the Company and its Subsidiaries to the extent not prohibited under this Agreement;

(i) Secured Parties 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;

(j) 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 Lenders) or to remove any encumbrances on title (not created in contemplation of the Transactions) that are reflected in any title insurance or any other

existing encumbrances on real property (not created in contemplation of the Transactions) (not including Liens securing Indebtedness of the Company or any of its Restricted Subsidiaries);

(k) 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

(l) 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 applicable Administrative Agent’s reasonable request.

SCHEDULE 1.1(b)

COMMITMENTS

Initial Lender	Commitment
BARCLAYS BANK PLC	$499,950,000
MIZUHO CORPORATE BANK, LTD.	$ 50,000

SCHEDULE 1.1(c)

FORM OF COMPLIANCE CERTIFICATE

Financial Statement Date: ,

To: Barclays Bank PLC as Administrative Agent

Ladies and Gentlemen:

Reference is made to the Secured Term Credit Agreement dated as of [—], March 2011 (the "Credit Agreement"), between, amongst others, NXP B.V. (the "Company"), NXP FUNDING LLC, the lenders from time to time parties thereto (each a "Lender" and, collectively, the "Lenders"), and Barclays Bank PLC as Administrative Agent, and Morgan Stanley Senior Funding, Inc. as Global Collateral Agent. All capitalized terms used but not defined herein shall have the meanings given in the Credit Agreement.

This is a Compliance Certificate for the purposes of the Credit Agreement.

The undersigned hereby certifies as of the date hereof that he/she is the [*Title*][1] of the Company, and that, as such, he/she is authorized to execute and deliver this Compliance Certificate to the Administrative Agent on the behalf of the Company, and that:

*[Use following paragraph 1 for fiscal **year-end** financial statements]*

1. Attached hereto as Schedule 1 are the year-end audited financial statements required by Section 9.01(a) of the Credit Agreement for the fiscal year of the Company ended as of the above date, together with the report and opinion of [ ] required by and in conformance with such section.

*[Use following paragraph 1 for fiscal **quarter-end** financial statements]*

2. Except as otherwise permitted by the Credit Agreement, attached hereto as Schedule 1 are the unaudited financial statements required by Section 9.01(b) of the Credit Agreement for the fiscal quarter of the Company ended as of the above date. Such financial statements fairly present, in all material respects, the financial condition, results of operations shareholders' equity and cash flows of the Company and its Subsidiaries in accordance with GAAP as at such date and for such period, subject only to normal year-end audit adjustments and the absence of footnotes.

[1] Must be the chief executive officer, chief financial officer, treasurer or controller of the Company.

3. The undersigned has reviewed and is familiar with the terms of the Credit Agreement and has made, or has caused to be made under his/her supervision, a detailed review of the transactions and condition (financial or otherwise) of the Company and its Subsidiaries during the accounting period covered by the attached financial statements.

IN WITNESS WHEREOF, the undersigned has executed this Compliance Certificate as of [ ].

By: _____
Name:
Title:

SCHEDULE 1.1(d)

MANDATORY COSTS

1. The Mandatory Cost is an addition to the interest rate to compensate Lenders for the cost of compliance with (a) the requirements of the Bank of England and/or the Financial Services Authority (or, in either case, any other authority which replaces all or any of its functions) or (b) the requirements of the European Central Bank.

2. On the first day of each Interest Period (or as soon as possible thereafter) the Administrative Agent shall calculate, as a percentage rate, a rate (the "Additional Cost Rate") for each Lender, in accordance with the paragraphs set out below. The Mandatory Cost will be calculated by the Administrative Agent as a weighted average of the Lenders' Additional Cost Rates (weighted in proportion to the percentage participation of each Lender in the relevant Loan) and will be expressed as a percentage rate per annum.

3. The Additional Cost Rate for any Lender lending from a Facility Office in a Participating Member State will be the percentage notified by that Lender to the Administrative Agent. This percentage will be certified by that Lender in its notice to the Administrative Agent to be its reasonable determination of the cost (expressed as a percentage of that Lender's participation in all Loans made from that Facility Office) of complying with the minimum reserve requirements of the European Central Bank in respect of loans made from that Facility Office.

4. The Additional Cost Rate for any Lender lending from a Facility Office in the United Kingdom will be calculated by the Administrative Agent as follows:

   (a) in relation to a sterling Loan:

$$\frac{AB + C(B - D) + E \times 0.01}{100 - (A + C)} \quad \text{per cent. per annum}$$

   (b) in relation to a Loan in any currency other than sterling:

$$\frac{E \times 0.01}{300} \quad \text{per cent. per annum}$$

Where:

A is the percentage of Eligible Liabilities (assuming these to be in excess of any stated minimum) which that Lender is from time to time required to maintain as an interest free cash ratio deposit with the Bank of England to comply with cash ratio requirements.

B is the percentage rate of interest (excluding the Applicable LIBOR Margin and the Mandatory Cost and any additional rate of interest charged on overdue amounts pursuant to Section 2.8 payable for the relevant Interest Period on the Loan.

C is the percentage (if any) of Eligible Liabilities which that Lender is required from time to time to maintain as interest bearing Special Deposits with the Bank of England.

D is the percentage rate per annum payable by the Bank of England to the Administrative Agent on interest bearing Special Deposits.

E is designed to compensate Lenders for amounts payable under the Fees Rules and is calculated by the Administrative Agent as being the average of the most recent rates of charge supplied by the Reference Banks to the Administrative Agent pursuant to paragraph 7 below and expressed in pounds per £1,000,000.

5. For the purposes of this Schedule:

(a) "Eligible Liabilities" and "Special Deposits" have the meanings given to them from time to time under or pursuant to the Bank of England Act 1998 or (as may be appropriate) by the Bank of England;

(b) "Facility Office" means, in respect of any Lender, the jurisdiction of the office out of which such Lender is making available its participation in the relevant Loan;

(c) "Fees Rules" means the rules on periodic fees contained in the Financial Services Authority Fees Manual or such other law or regulation as may be in force from time to time in respect of the payment of fees for the acceptance of deposits;

(d) "Fee Tariffs" means the fee tariffs specified in the Fees Rules under the activity group A.1 Deposit acceptors (ignoring any minimum fee or zero rated fee required pursuant to the Fees Rules but taking into account any applicable discount rate); and

(e) "Tariff Base" has the meaning given to it in, and will be calculated in accordance with, the Fees Rules.

6. In application of the above formulae, A, B, C and D will be included in the formulae as percentages (i.e. 5 per cent. will be included in the formula as 5 and not as 0.05). A negative result obtained by subtracting D from B shall be taken as zero. The resulting figures shall be rounded to four decimal places.

7. If requested by the Administrative Agent, each Reference Bank shall, as soon as practicable after publication by the Financial Services Authority, supply to the Administrative Agent, the rate of charge payable by that Reference Bank to the Financial Services Authority pursuant to the Fees Rules in respect of the relevant financial year of the Financial Services Authority (calculated for this purpose by that Reference Bank as being the average of the Fee Tariffs applicable to that Reference Bank for that financial year) and expressed in pounds per £1,000,000 of the Tariff Base of that Reference Bank.

8. Each Lender shall supply any information required by the Administrative Agent for the purpose of calculating its Additional Cost Rate. In particular, but without limitation, each Lender shall supply the following information on or prior to the date on which it becomes a Lender:

   (a) the jurisdiction of its Facility Office; and

   (b) any other information that the Administrative Agent may reasonably require for such purpose.

   Each Lender shall promptly notify the Administrative Agent of any change to the information provided by it pursuant to this paragraph.

9. The percentages of each Lender for the purpose of A and C above and the rates of charge of each Reference Bank for the purpose of E above shall be determined by the Administrative Agent based upon the information supplied to it pursuant to paragraphs 7 and 8 above and on the assumption that, unless a Lender notifies the Administrative Agent to the contrary, each Lender's obligations in relation to cash ratio deposits and Special Deposits are the same as those of a typical bank from its jurisdiction of incorporation with a Facility Office in the same jurisdiction as its Facility Office.

10. The Administrative Agent shall have no liability to any person if such determination results in an Additional Cost Rate which over or under compensates any Lender and shall be entitled to assume that the information provided by any Lender or Reference Bank pursuant to paragraphs 3, 7 and 8 above is true and correct in all respects.

11. The Administrative Agent shall distribute the additional amounts received as a result of the Mandatory Cost to the Lenders on the basis of the Additional Cost Rate for each Lender based on the information provided by each Lender and each Reference Bank pursuant to paragraphs 3, 7 and 8 above.

12. Any determination by the Administrative Agent pursuant to this Schedule in relation to a formula, the Mandatory Cost, an Additional Cost Rate or any amount payable to a Lender shall, in the absence of manifest error, be conclusive and binding on all parties hereto.

13. The Administrative Agent may from time to time, after consultation with the Company and the Lenders, determine and notify to all parties any amendments which are required to be made to this Schedule in order to comply with any change in law, regulation or any requirements from time to time imposed by the Bank of England, the Financial Services Authority or the European Central Bank (or, in any case, any other authority which replaces all or any of its functions) and any such determination shall, in the absence of manifest error, be conclusive and binding on all parties.

SCHEDULE 8.10

LITIGATION (EXCEPT INTELLECTUAL PROPERTY LITIGATION) AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

	Entity	*Issue*	*Amount claimed*	*Additional Information*
Claims against NXP				
1.	NXP Semiconductors Netherlands B.V.	Unlawful breach of negotiations	EUR 8,302,752 plus pro memorie claims	• Negotiations with Norit Winkelsteeg B.V. and Vitens N.V. to build and operate a so-called permeaatwater factory for NXP Semiconductors Netherlands B.V. were terminated. • The Court of Appeal ruled that in NXP's favour a compensation for indirect losses or loss of profit cannot be awarded but that limited compensation should be awarded for direct losses. • Next step is for Norit/Vitens to submit a statement of objections - this is due since Q2 2010; NXP will be able to submit a response taking as much time as N/V will take.
2.	NXP Semiconductors Netherlands B.V.	Breach of contract	Not included in statement of claim – a declaratory judgment would be needed to determine quantum (if liability was awarded). Claimants counsel have mentioned damages of EUR 60,000,000	• NXP has entered into an exclusive license to use the claimants (Semiconductors Ideas To the Market B.V. and Yellow Dwarf Group B.V.) technology.

				• Claimants state that NXP Semiconductors Netherlands B.V. intended to keep the technology from the market and instead use NXP's own technology. • NXP has marketed the licensed technology to third parties and paid substantial royalties to the claimants for the license. • Court appointed expert's report of Nov 2010 indicates that amending NXP's die size was technically impossible, claimant now has to file a response to the expert's report.
3.	NXP Semiconductors Netherlands B.V.	Breach of contract	USD 11,366,408 (inventories) USD 2,878,000 (R&D tax credits) USD 9,769,000 (indemnity for retention bonuses)	• In relation to the divestment of NXP's wireless business, ST has made several claims for breach of contract. NXP has made several other claims against ST. • Parties are negotiating settlement
4.	NXP Semiconductors Netherlands B.V.	Product liability	No amount claimed. maximum liability under agreement capped at USD 4,000,000	• Flaws in software developed for Sony Corp. • Parties are discussing the claim
5.	NXP B.V.	Breach of contract	USD 5,000,000	• GloNav alleged a breach of contract by NXP.

				• NXP's move to dismiss the claim on the grounds of lack of standing the representative of GloNav, Inc. denied • Discovery and depositions ongoing
6.	NXP Semiconductors France SAS	Former NXP employees claiming cancellation of voluntary termination of employment contract	EUR 3,600,000	• 17 former employees of DSPG filed a claim against NXP to require their re-integration within NXP following termination of their employment or payment of a severance package • NXP has an indemnity from DSPG for any liabilities resulting from such terminations. • Case won by NXP but employees filed for appeal
7.	NXP Semiconductors France SAS	Breach of contract	EUR 4,000,000	• ILM Technologies France claims that NXP unlawfully terminated a services agreement. • ILM lost in fist instance and in appeal but filed for appeal in the highest court in October 2010
8.	NXP Semiconductors USA, Inc.	Breach of contract	USD 80,000,000	• NXP allegedly breached a joint development contract NXP was successful in a number of procedural steps • Exatel indicated a settlement could be

				negotiated which they indicated to be single digit mio • Negotiations ongoing
9.	NXP Semiconductors USA, Inc.	Alleged exposure to harmful substances resulting in physical injuries and birth defects Other Semi companies have received similar claims	None claimed, to be determined at trial	• Three former employees assert exposure to harmful substances resulting in physical injuries and birth defects Claims filed, initial discovery request served in one of the cases
10.	NXP Semiconductors USA, Inc.	Preference action seeking recovery of amounts paid to NXP (e.a.) during 90 day preference period preceding chapter 11 filing Delphi Corporation	USD 21,422,598.20	• Numerous other defendants have filed motions to dismiss. NXP has filed a “joinder” motion • Awaiting court ruling
11.	NXP Semiconductors USA, Inc.	Product liability	USD 3,974,368	• Schneider Electric asserts various field failures in certain products (MPU’s, 150,746 pcs) that were delivered by NXP Semiconductors USA, Inc. to Schneider. Parties are negotiating a settlement
Claims by NXP				
12.	NXP Semiconductors Netherlands B.V.	Breach of contract	USD 59,000,000	• Arbitration procedure ongoing

13.	NXP B.V.	Indemnity claim under Sale and Contribution Agreement from ST/ST-E to NXP	USD 10,000,000	• NXP has made a claim against ST-E in an amount of USD 10,000,000 for breach of contract by STE Discussions are ongoing.
14.	NXP B.V.	Breach of contract	USD 12,000,000	• Breach of contract in view of transfer of manufacturing technology Arbitration procedure in Hong Kong started

SCHEDULE 8.13

ENVIRONMENTAL CLAIMS AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

Site	*Issue*	*Expected Liability*	*Additional Information*
France			
Caen	Groundwater	EUR 530,000	• The responsibility for groundwater liabilities has not been transferred to the new owner of the site. • The requirement at present is only to monitor the site, however, it cannot be discounted that the environmental agency will require a depollution in the future.
Germany			
Hamburg	Soil and groundwater pollution	EUR 800,000 per year for next 25 years	• Clean up already underway and will continue for 25 years. • Currently investigating alternative decontamination methods which will result in cost efficiencies but may require further investment to implement. Pilot treatment started in January 2011. • Yearly reviews undertaken by environmental agency. Last review was in January 2011.
Netherlands			
Nijmegen	Soil and groundwater pollution	USD 100,000 per year for next 10 years	• Soil and groundwater are contaminated. These matters have been reported to the authorities and no further action is required.

Site	Issue	Expected Liability	Additional Information
			• However, NXP extracts groundwater of companies in neighbourhood and must treat this on an ongoing basis, costing USD 100,000 per year for next 10 years.
	Asbestos in foundation parking lot	USD 700,000	• NXP rents a parcel from the municipality. If the lease is ended, NXP would be required to dismantle the parcel which would result in costs in relation to the disposal of asbestos.
Lent	TCE contamination	EUR 4,000,000 if ProRail claims are successful	• Site has been sold to ProRail. ProRail claims that NXP contaminated the land. Claims are being rejected (the last claim was in January 2010). • If ProRail is successful in its claims, this may result in a total liability of EUR 4,000,000 if building activities are undertaken by ProRail. • However, it is considered very unlikely that a claim against NXP in connection with this matter will be made successfully.
United Kingdom			
Southampton	Asbestos in buildings	USD 1,700,000 if building demolished	• Updated survey complete. Cost is in relation to removal of asbestos which will be required if the building is demolished.
	Soil and groundwater pollution	USD 10,000 per year for 15-25 years	• Cost is in relation to sampling.Cost of EUR 250,000 if building is demolished prior to sale of site

Site	***Issue***	***Expected Liability***	***Additional Information***
Hazel Grove	Asbestos in building and foundation	USD 850,000 Unknown	• No action required at present but removal of asbestos will be required on demolition of the building at a cost of USD 850,000
	Possible soil and groundwater pollution	USD 5,000 per year for 25 years	• Cost is in relation to testing for contamination. • At present there is no cause for concern.

SCHEDULE 8.15

RESTRICTED SUBSIDIARIES

No.	Subsidiary	Jurisdiction of Organization	Ownership Interest
1.	NXP Semiconductors Netherlands B.V.	Netherlands	100%
2.	NXP Software B.V.	Netherlands	100%
3.	NXP Semiconductors International B.V.	Netherlands	100%
4.	NXP Holding B.V.	Netherlands	100%
5.	NXP Semiconductors GA GmbH	Germany	100%
6.	SMST Unterstützungsksasse GmbH	Germany	100%
7.	NXP Semiconductors Germany GmbH	Germany	100%
8.	NXP Stresemannallee 101 Dritte Verwaltungs GmbH	Germany	100%
9.	NXP Semiconductors Austria GmbH	Austria	100%
10.	NXP Semiconductors Switzerland AG	Switzerland	100%
11.	NXP Semiconductors Belgium N.V.	Belgium	100%
12.	NXP Semiconductors France SAS	France	100%
13.	NXP Semiconductors Finland Oy	Finland	100%
14.	NXP Semiconductors Sweden AB	Sweden	100%
15.	NXP Semiconductors UK Limited	UK	100%
16.	NXP Semiconductors Hungary Ltd.	Hungary	100%
17.	NXP Semiconductors Electronik Ticaret A.S	Turkey	100%
18.	NXP Semiconductors Poland Sp.z.o.o	Poland	100%
19.	O.O.O. NXP Semiconductors Russia	Russia	100%
20.	NXP Semiconductors Guangdong Ltd	China	100%
21.	NXP Semiconductors (Beijing) Ltd	China	100%
22.	NXP Semiconductors (Shanghai) Ltd	China	100%
23.	NXP Semiconductors Hong Kong Ltd.	Hong Kong	100%
24.	Electronic Devices Ltd.	Hong Kong	100%
25.	Semiconductors NXP Ltd.	Hong Kong	100%
26.	NXP Semiconductors Japan Ltd	Japan	100%
27.	NXP Semiconductors Korea Ltd.	Korea	100%

No.	Subsidiary	Jurisdiction of Organization	Ownership Interest
28.	NXP Semiconductors Singapore Pte. Ltd	Singapore	100%
29.	NXP Semiconductors Taiwan Ltd.	Taiwan	100%
30.	NXP Semiconductors Malaysia Sdn. Bhd.	Malaysia	100%
31.	NXP Semiconductors Philippines, Inc.	Philippines	100%
32.	NXP Semiconductors Cabuyao, Inc.	Philippines	99.9%
33.	NXP Semiconductors (Thailand) Ltd under liquidation (voluntary wind up)	Thailand	100%
34.	NXP Manufacturing (Thailand) Ltd	Thailand	100%
35.	NXP Semiconductors India Pvt Ltd.	India	100%
36.	NXP Semiconductors USA, Inc.	USA	100%
37.	NXP Semiconductors (GPS) USA, Inc.	USA	100%
38.	Jennic America, Inc.	USA	100%
39.	NXP Laboratories UK Holding Ltd.	UK	100%
40.	NXP Laboratories UK Ltd.	UK	100%
41.	Glonav UK Ltd.	UK	100%
42.	Glonav Ltd.	Ireland	100%
43.	NXP Semiconductors Canada Inc.	Canada	100%
44.	NXP Semiconductors Brasil Ltda	Brazil	100%
45.	NXP Funding LLC	USA	100%

EQUITY INVESTMENTS

No.	Entity	Country	Stakeholder[1]	Ownership Interest
1.	Laguna Ventures, Inc.	Philippines	NXP Semiconductors Philippines, Inc.	39.9%
2.	Suzhou ASEN Semiconductors Co. Ltd	China	NXP B.V.	40%
3.	Advanced Semiconductor Manufacturing Corporation Limited	China	NXP B.V.	27.47%
4.	NuTune Singapore Pte. Ltd.	Singapore	NXP B.V.	9.09%
5.	VIVOtech, Inc.	USA	NXP B.V.	0.72%
6.				

[1] As far as the NXP B.V. stake is concerned.

SCHEDULE 8.18

INTELLECTUAL PROPERTY LITIGATION AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

Entity	*Issue*	*Amount claimed*	*Additional Information*
NXP B.V.	Patent infringement	USD 5,000,000 for past use and USD 50,000,000 for 5 years future use	— Pre-claim discussions are ongoing. NXP believes amount claimed this figure is based on an inaccurate knowledge of NXP's market share. — Negotiations are ongoing.
NXP B.V.	Patent infringement	No amount claimed	— MOSAID Technologies, Inc. asserted that NXP infringes patents and requested NXP pay USD 5,500,000 damages. — Negotiations are ongoing.
NXP B.V.	Patent Infringement	No amount claimed	— Intravisual claims infringement by NXP based on products which practice the H.264 video compression standard seeking damages and an injunction against further sales of H.264-compliant products. — NXP filed a motion to dismiss for lack of personal jurisdiction.

SCHEDULE 9.2

COMPANY'S WEBSITE

http://www.nxp.com

SCHEDULE 13.2

NOTICES

1. To the Administrative Agent

Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019
Attention: Kevin Cullen/ Nick Versandi
Telephone: (212) 526-4979/ (212) 526-9799
Telecopy: **917-265-1239/** (646) 758-4256
E-mail: Kevin.cullen@barcap.com
Nicholas.versandi@barcap.com
ltmny@barcap.com

With a copy to:

Barclays Capital
1301 Avenue of the Americas
New York, NY 10019
Attention: Patrick Kerner
Telephone: 1-212-320-6927
Fax: (917) 522-0569
Group Email: XraUSLoanOps5@barclayscapital

2. To the Global Collateral Agent

Morgan Stanley Senior Funding, Inc.
25 Cabot Square
Canary Wharf
London E14 4QA
Telephone: +44 20 7677 2889
Fax: +44 20 7056 5471
Attn: Nicole Shoaf
Email: loansagency@morganstanley.com

3. To the Company or the Co-Borrower:

NXP B.V.
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Telephone: (31) 40 272-2041
Fax: (31) 40 272-4005
Email: guido.dierick@nxp.com
Attention: Guido Dierick

With a copy to:

NXP Semiconductors N.V.
High Tech Campus 60
5656 AG Eindhoven
The Netherlands
Telephone: (31) 20 5407575
Fax: (31) 20 5407500
Email: erik.thyssen@alpinvest.com
Attn: Erik Thyssen

EXHIBIT A

FORM OF ASSIGNMENT AND ACCEPTANCE

This Assignment and Acceptance (the "Assignment and Acceptance") is dated as of the Effective Date (as defined below) and is entered into by and between the Assignor (as defined below) and the Assignee (as defined below). Capitalized terms used in this Assignment and Acceptance and not otherwise defined herein shall have the meanings specified in the Secured Term Credit Agreement dated as of March 4, 2011 (as amended, restated, supplemented or otherwise modified, refinanced or replaced from time to time, the "Credit Agreement"), between, amongst others,. NXP B.V. (the "Company"), NXP FUNDING LLC, the lenders from time to time parties thereto (each a "Lender" and, collectively, the "Lenders"), BARCLAYS BANK PLC, as Administrative Agent and MORGAN STANLEY SENIOR FUNDING, INC. as Global Collateral Agent.

The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Acceptance as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement, the other Credit Documents and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of the Credit Facility identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement and the other Credit Documents, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Acceptance, without representation or warranty by the Assignor.

1. Assignor (the "Assignor"):

2. Assignee (the "Assignee"):

3. Assigned Interest:

Total Commitment of all Lenders/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Total Commitment/Loans of all Lenders (set forth, to at least 9 decimals, as a percentage of the, Total Commitment/Loans of all Lenders)
$		[0.000000000%]

4. Effective Date of Assignment (the "Effective Date": , 20 [1].

The terms set forth in this Assignment and Acceptance are hereby agreed to:

[NAME OF ASSIGNOR], as Assignor

By: _____
Name:
Title:

[NAME OF ASSIGNEE], as Assignee

By: _____
Name:
Title:

Accepted:

BARCLAYS BANK PLC
as Administrative Agent

By: _____
Name:
Title:

[1] To be inserted by Administrative Agent and which shall be the effective date of recordation of the transfer in the Register.

Consented to:

NXP B.V

By: _____
Name:
Title:

STANDARD TERMS AND CONDITIONS FOR ASSIGNMENT AND ACCEPTANCE

1. Representations and Warranties and Agreements.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of any of the Credit Parties, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by any of the Credit Parties, any of their Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document of any of their respective obligations under any Credit Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Acceptance and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender thereunder (including, if it is a requirement of Dutch law, that it is a PMP), (iii) from and after the Effective Date, it shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender under the Credit Agreement, and (v) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 9.1 of the Credit Agreement, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions.

3.1 In accordance with Section 13.17 of the Credit Agreement, upon execution, delivery, acceptance and recording of this Assignment and Acceptance, from and after the Effective Date, (a) the Assignee shall be a party to the Credit Agreement and, to the extent provided in this Assignment and Acceptance, have the rights and obligations of a Lender under the Credit Agreement with a Commitment as set forth herein and (b) the Assignor shall, to the extent of the Assigned Interest assigned pursuant to this Assignment and Acceptance, be released from its obligations under the Credit Agreement (and, in the case of this Assignment and Acceptance covers all of the Assignor's rights and obligations under the Credit Agreement, the Assignor shall cease to be a party to the Credit Agreement.

3.2 This Assignment and Acceptance shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This Assignment and Acceptance may be executed by one or more of the parties to this Assignment and Acceptance on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Assignment and Acceptance and the rights and obligations of the parties hereunder shall be construed in accordance with and governed by and interpreted under the law of the state of New York.

EXHIBIT B

NOTICE OF BORROWING

To: Barclays Bank PLC
745 Seventh Avenue
New York, NY 10019
Attention: Kevin Cullen/ Nick Versandi

With a copy to:
Barclays Capital
1301 Avenue of the Americas
New York, NY 10019
Attention: Patrick Kerner

Date: [ ]

This Notice of Borrowing is delivered pursuant to the Secured Term Credit Agreement dated as of March 4, 2011 (as amended, the "Credit Agreement") among NXP B.V., NXP FUNDING LLC, the lending institutions from time to time parties thereto, and BARCLAYS BANK PLC., as Administrative Agent. All capitalized terms used but not defined herein shall have the meanings given in the Credit Agreement.

[NXP B.V./NXP FUNDING LLC][2] (the "Borrower") hereby requests a Borrowing as follows:

1. Amount of Borrowing: [ ]
2. Date of Borrowing: [ ][3]
3. Type of Borrowing: [ABR Loan][LIBOR Loan].
4. Interest Period: month(s)

The Borrower certifies that on and as of the date of the proposed Borrowing and after giving effect thereto:

(i) no Default or Event of Default shall have occurred and be continuing; and

[2] Delete as appropriate.
[3] Must be a Business Day.

(ii) all representations and warranties made by any Credit Party contained in the Credit Agreement or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the date of the Borrowing (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of said earlier date and except for the representation in Section 8.9(b) of the Credit Agreement which shall be deemed to related to the matter referred to therein on and as of the Signing Date).

[NXP B.V./
NXP FUNDING LLC][4]

By: _____
Name:
Title:

[4] Delete as appropriate.

EXHIBIT C-1

[—], 2011
[Insert Name of Company]
OFFICER'S CERTIFICATE

I, , hereby certify that I am the duly elected, qualified and acting [*President/Vice President/Secretary/Assistant Secretary*] of [Insert Name of Company] (the "Company"), and am authorized to execute this Certificate on behalf of the Company. Reference is made to the Secured Term Credit Agreement (the "Credit Agreement"), dated as of March 4, 2011, among NXP B.V, NXP FUNDING LLC, 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. All capitalized terms used herein and not otherwise defined are used as defined in the Credit Agreement.

Solely in my capacity as [*President/Vice President/Secretary/Assistant Secretary*] of the Company, I hereby certify that:

1. Attached as Annex A hereto is a true, correct, and complete copy of the organizational documents of the Company.
2. Attached as Annex B hereto is a true, correct, and complete copy of the bylaws or equivalent of the Company, including all amendments, as in effect on the date hereof, and, to the extent required, an extract of the trade register of the Company.
3. Attached as Annex C hereto are true, correct, and complete copies of resolutions duly adopted by the Board of Directors of the Company authorizing the execution, delivery and performance of the Credit Documents (and any agreements relating thereto) to which it is a party. Such resolutions have not been modified or rescinded and remain in full force and effect as of the date hereof.
4. Attached as Annex D hereto are true, correct, and complete copies of resolutions duly adopted by the shareholders of the Company authorizing the execution, delivery and performance of the Credit Documents (and any agreements relating thereto) to which it is a party. Such resolutions have not been modified or rescinded and remain in full force and effect as of the date hereof.
5. Attached as Annex E hereto is a copy of the [Certificate of Good Standing] for the Company certified by [relevant authority].
6. The persons whose names appear on Annex F attached hereto are duly elected, qualified and acting officers of the Company occupying the offices set forth below their respective names on Annex F, and the signatures set forth above their respective names are their true signatures, and each such officer is duly authorized to execute and deliver on behalf of the Company the Credit Documents and any other document delivered prior to the date hereof in connection with the Credit Documents and to act as an Authorized Officer on behalf of the Company under such Credit Documents.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first written above.

[Company]

By: _____
Name:
Title:

The undersigned, being the duly elected and qualified [*President/Vice President/Secretary/Assistant Secretary*] of the Company, hereby certifies that [name] is the duly elected and qualified [*President/Vice President/Secretary/Assistant Secretary*] of the Company and that the foregoing signature appearing above his name is his genuine signature.

IN WITNESS WHEREOF, I have hereunto set my hand on behalf of the Corporations as of the date first written above.

By: _____
Name:
Title:

Annex A

Annex B

Annex C

Annex D

Annex E

Annex F

[—], 2011
NXP B.V.
OFFICER'S CERTIFICATE

I, , hereby certify that I am the duly elected, qualified and acting [*Authorized Officer*] of NXP B.V. (the "Company"), and am authorized to execute this Certificate on behalf of the Company. Reference is made to the Secured Term Credit Agreement (the "Credit Agreement"), dated as of March 4, 2011 between, amongst others, NXP B.V, NXP FUNDING LLC, 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. All capitalized terms used herein and not otherwise defined are used as defined in the Credit Agreement.

Solely in my capacity as [*Authorized Officer*] of the Company, I hereby certify that:

1. No Indebtedness or financing preferred stock of the Company or its Subsidiaries to third parties will shall remain outstanding as of the date of this Certificate and no shareholder loans shall have been made without the consent of the Sole Lead Arranger, other than Indebtedness pursuant to or permitted under the Credit Agreement.
2. I have reviewed the audited financial statements of the Company as at December 31, 2009 (the "Financial Statements"). I am familiar with the financial performance and prospects of the Company and hereby confirm that as of the date hereof, after giving effect to the transactions contemplated by the Credit Documents:
   i. The fair value of the assets of the Company and its Subsidiaries on a consolidated basis, at a fair valuation, exceeds the debts and liabilities, direct, subordinated, contingent or otherwise, of the Company and its Subsidiaries on a consolidated basis, respectively.
   ii. The present fair saleable value of the property of the Company and its Subsidiaries on a consolidated basis is greater than the amount that is required to pay the probable liability of the Company and its Subsidiaries on a consolidated basis on their debts and other liabilities, direct, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured.
   iii. The Company and its Subsidiaries on a consolidated basis are able to pay their debts and liabilities, direct, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured.
   iv. The Company and its Subsidiaries on a consolidated basis do not have unreasonably small capital with which to conduct the businesses in which they are engaged as such businesses are now conducted and are proposed to be conducted following the Signing Date.

v. Each Credit Party has not ceased, and does not expect that it will cease, making payments on its liabilities when due.

vi. Each Credit Party can, and expects that it can, obtain credit in the ordinary course of business.

vii. No Credit Party intends to, and does not believe that it or any of the Restricted Subsidiaries will, incur debts beyond its ability to pay such debts as they mature, taking into account the timing and amounts of cash to be received by it or any such Subsidiary and the timing and amounts of cash to be payable on or in respect of its Indebtedness or the Indebtedness of any such Subsidiary.

IN WITNESS WHEREOF, the undersigned has executed this Certificate as of the date first written above.

NXP B.V.

By: _____

Name:

Title:

EXHIBIT D

FORM OF PROMISSORY NOTE

$,

FOR VALUE RECEIVED, the undersigned (the "Borrower") hereby promises to pay to the order of [LENDER] (the "Lender"), on the Maturity Date (as defined in the Credit Agreement referred to below) the principal amount of , or such lesser principal amount of Loans (as defined in such Credit Agreement) due and payable by the Borrower to the Lender on the Maturity Date under that certain Credit Agreement dated as of March 4, 2011 (as amended, the "Credit Agreement") between, amongst others, NXP B.V. (the "Company"), NXP FUNDING LLC (the "Co-Borrower"), the lending institutions from time to time parties thereto (each a "Lender" and, collectively, the "Lenders") and BARCLAYS BANK PLC, as Administrative Agent (the terms defined therein being used herein as therein defined).

The Borrower promises to pay interest on the unpaid principal amount of each Loan from the date of such Loan until such principal amount is paid in full, at such interest rates, in the currency, in the manner and at such times as are specified in the Credit Agreement. All payments of principal and interest shall be made to the Lender in immediately available funds at the Lender's lending office. If any amount is not paid in full when due hereunder, such unpaid amount shall bear interest, to be paid upon demand, from the due date thereof until the date of actual payment (and before as well as after judgment) computed at the per annum rate set forth in the Credit Agreement.

This Note is the promissory note referred to in Section 13.7(d) of the Credit Agreement, and is a "Credit Document" for the purposes of the Credit Agreement and entitled to the benefits thereof and is subject to optional and mandatory prepayment in whole or in part as provided in the Credit Agreement. This Note is also entitled to the benefits of the Guaranty. Upon the occurrence and continuation of one or more of the Events of Default specified in the Agreement, all amounts then remaining unpaid on this Note shall become, or may be declared to be, immediately due and payable all as provided in the Credit Agreement. Loans made by the Lender shall be evidenced by one or more loan accounts or records maintained by the Lender in the ordinary course of business. The Lender may also attach schedules to this Note and endorse thereon the date, amount and maturity of the Loans and payments with respect thereto.

The Borrower, for itself, its successors and assigns, hereby waives diligence, presentment, protest and demand and notice of protest, demand, dishonor and non-payment of this Note.

THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK.

[BORROWER]

By _____
Name _____
Title _____

Exhibit 4.9

JOINDER AND AMENDMENT AGREEMENT

AGREEMENT (this "**Agreement**") dated as of November 18, 2011 relating to the Credit Agreement dated as of March 4, 2011 (the "**Credit Agreement**") among NXP B.V., with its corporate seat in Eindhoven, the Netherlands (the "**Company**"), NXP FUNDING LLC (the "**Co-Borrower**"), the lending institutions from time to time parties thereto, Barclays Bank PLC, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent.

RECITALS:

The Borrowers have requested certain entities to become "Lenders" party to the Credit Agreement by making additional term loans (the "**Tranche A-2 Loans**") under the Credit Agreement in an aggregate principal amount of $500,000,000, which Tranche A-2 Loans will become "Loans" thereunder for all purposes of the Credit Agreement.

The institutions listed on Schedule 1.1(e) hereto (each, a "**Tranche A-2 Lender**" and, collectively, the "**Tranche A-2 Lenders**") are willing to make available to the Borrowers Tranche A-2 Loans on the terms and subject to the conditions set forth herein. The proceeds of the Tranche A-2 Loans will be used to repay, redeem or repurchase a portion of the Company's outstanding indebtedness. In addition, the Borrowers have requested that the Credit Agreement be amended to include the ability to borrow incremental term loans, as further provided herein.

Certain Lenders (the "**Consenting Lenders**") under the Credit Agreement as in effect immediately prior to the Tranche A-2 Funding Date (as defined below) and who comprise the Required Lenders are willing, upon the terms and conditions set forth herein and in accordance with Section 13.2 of the Credit Agreement, to consent to the amendments to the Credit Agreement to be effected hereby.

Therefore, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

Section 1. *Defined Terms.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. The interpretive provisions set forth in Section 1.2 of the Credit Agreement apply to this Agreement.

Section 2. *Tranche A-2 Loans.* Each Tranche A-2 Lender hereby agrees, on the terms and subject to the conditions set forth herein and in the Credit Agreement as amended hereby, to make a Tranche A-2 Loan to the Borrowers on the Tranche A-2 Funding Date in a principal amount not to exceed the amount set forth opposite such Tranche A-2 Lender's name on Schedule 1.1(e) as such Tranche A-2 Lender's "Tranche A-2 Commitment"; *provided* that the amount required to be funded by each Tranche A-2 Lender with respect to its Tranche A-2 Loan shall be equal to 96.0% of the stated principal amount of such Tranche A-2 Lender's Tranche A-2 Loan.

Section 3. Amendments to Credit Agreement.

(a) On the Tranche A-2 Signing Date, each Loan then outstanding under the Credit Agreement shall be designated as a "Tranche A-1 Loan" and each existing Lender shall be designated as a "Tranche A-1 Lender."

(b) Section 1.1 of the Credit Agreement is amended by adding (in appropriate alphabetical order), the following defined terms:

"Increased Amount Date" shall have the meaning provided in Section 2.14.

"Initial Maturity Date" shall mean March 4, 2017, or, if such date is not a Business Day, the next preceding Business Day.

"Joinder and Amendment Agreement" shall mean the Joinder and Amendment Agreement dated as of November 18, 2011 among the Borrowers, the Tranche A-2 Lenders, certain other Lenders and the Administrative Agent.

"Latest Maturity Date" shall mean, at any date of determination, the latest Maturity Date applicable to any Loan hereunder, as applicable.

"Loan Repayment Amount" shall mean a Tranche A-1 Loan Repayment Amount, Tranche A-2 Loan Repayment Amount or New Term Loan Repayment Amount.

"Loan Repayment Date" shall mean a Tranche A-1 and Tranche A-2 Loan Repayment Date or a New Term Loan Repayment Amount.

"New Term Loan Commitments" shall have the meaning provided in Section 2.14.

"New Term Loan Joinder Agreement" shall have the meaning provided in Section 2.14.

"New Term Loan Lender" shall have the meaning provided in Section 2.14.

"New Term Loan Maturity Date" shall mean the date on which a New Term Loan matures.

"New Term Loan Repayment Amount" shall have the meaning provided in Section 2.5.

"New Term Loans" shall have the meaning provided in Section 2.14.

"Tranche" shall mean, in relation to any Loan, whether such Loan is a Tranche A-1 Loan, a Tranche A-2 Loan or an additional tranche (as contemplated by and designated pursuant to Section 2.14).

"Tranche A-1 Loan Repayment Amount" shall have the meaning provided in Section 2.5.

"Tranche A-1 Commitment" shall mean, with respect to each Lender on the Funding Date, the amount set forth opposite such Lender's name on Schedule 1.1(b) as such Lender's "Commitment."

"Tranche A-1 Lenders" shall mean the Lenders with respect to Tranche A-1 Loans.

"Tranche A-1 Loans" shall mean the Loans made on the Funding Date pursuant to Section 2.1.

"Tranche A-2 Availability Period" shall mean the period beginning on the Tranche A-2 Signing Date to and including December 19, 2011.

"Tranche A-2 Commitment" shall mean, with respect to each Tranche A-2 Lender listed on Schedule 1.1(e), the amount set forth opposite such Tranche A-2 Lender's name as such Tranche A-2 Lender's "Tranche A-2 Commitment."

"Tranche A-2 Funding Date" means such date during the Tranche A-2 Availability Period specified to be the "Date of Borrowing" in the Notice of Borrowing, subject to satisfaction (or waiver) of the conditions precedent set forth in the Joinder and Amendment Agreement.

"Tranche A-2 Lenders" shall mean each of the financial institutions set forth on Schedule 1.1(e) as having an Tranche A-2 Commitment and from and after the Tranche A-2 Funding Date, the Lenders with respect to Tranche A-2 Loans.

"Tranche A-2 Loan Repayment Amount" shall have the meaning provided in Section 2.5.

"Tranche A-2 Loans" shall mean the "Tranche A-2 Loans" as defined in, and made in accordance with, the Joinder and Amendment Agreement.

"Tranche A-2 Signing Date" shall mean November 18, 2011.

"Weighted Average Yield" shall mean with respect to any Loan, on any date of determination, the weighted average yield to maturity, in each case, based on the interest rate applicable to such Loan on such date and giving effect to all upfront or similar fees payable to the Lender of such Loan and any original issue discount with respect thereto.

(c) The following definitions in Section 1.1 of the Credit Agreement are amended and restated to read in their entirety as follows:

"Applicable ABR Margin" shall mean with respect to any ABR Loan, which is (x) a Tranche A-1 Loan, 2.25% per annum, or (y) a Tranche A-2 Loan, 3.25% per annum.

"Applicable LIBOR Margin" shall mean with respect to a LIBOR Loan, which is a (x) Tranche A-1 Loan, 3.25% per annum, or (y) a Tranche A-2 Loan, 4.25% per annum.

"Borrowing" shall mean the incurrence of one Type of Loan on the Funding Date, the Tranche A-2 Funding Date or any applicable Increased Amount Date (or resulting from conversions on a given date thereafter) having in the case of LIBOR Loans the same Interest Period; *provided* that ABR Loans incurred pursuant to Section 2.10(b) shall be considered part of any related Borrowing of LIBOR Loans.

"Commitment" shall mean (a) with respect to any Tranche A-1 Lender on the Funding Date, such Lender's Tranche A-1 Commitment, (b) with respect to any Tranche A-2 Lender, such Lender's Tranche A-2 Commitment and (c) with respect to any New Term Loan Lender, such New Term Loan Lender's New Term Loan Commitment specified in the applicable New Term Loan Joinder Agreement.

"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:

(a) matures or is mandatorily redeemable for cash or in exchange for Indebtedness pursuant to a sinking fund obligation or otherwise;

(b) 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 Restricted Subsidiary); or

(c) 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 Latest Maturity Date; provided, however, that (x) 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 and (y) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 10.2.

"Lenders" shall have the meaning provided in the preamble of this Agreement (and shall include in any event the Tranche A-1 Lenders, the Tranche A-2 Lenders and any New Term Loan Lenders).

"Loans" shall mean any ABR Loan or LIBOR Loan made by any Lender hereunder (and shall include in any event the Tranche A-1 Loans, the Tranche A-2 Loans and any New Term Loans).

"Maturity Date" means the Initial Maturity Date or the New Term Loan Maturity Date, as applicable.

(d) Section 2.1(a) of the Credit Agreement amended and restated in its entirety to read in full as follows:

Subject to and upon the terms and conditions herein set forth, (x) each Tranche A-1 Lender made a Tranche A-1 Loan denominated in US Dollars to the Borrowers on the Funding Date in a principal amount equal to such Tranche A-1 Lender's Tranche A-1 Commitment and (y) each Tranche A-2 Lender severally agrees to make a Tranche A-2 Loan denominated in US Dollars to the Borrowers on the Tranche A-2 Funding Date in a amount not to exceed such Tranche A-2 Lender's Tranche A-2 Commitment. The Loans (i) may not be reborrowed once paid and (ii) may, at the option of the Company be incurred and maintained as, and/or converted into, ABR Loans or LIBOR Loans; provided that all Loans made by each of the Lenders pursuant to the same Borrowing shall, unless otherwise specifically provided herein, consist entirely of Loans of the same Type; provided further that (A) the gross proceeds required to be funded by each Tranche A-1 Lender with respect to Tranche A-1 Loans was equal to 99.5% of the principal amount of such Tranche A-1 Loan and (B) the amount required to be funded by each Tranche A-2 Lender with respect to its Tranche A-2 Loan shall be equal to 96.0% of the stated principal amount of such Tranche A-2 Lender's Tranche A-2 Loan.

(e) Each reference to "Funding Date" in Section 2.3 and Section 2.4 of the Credit Agreement is replaced with "Funding Date, Tranche A-2 Funding Date or Increased Amount Date, as applicable,".

(f) The first sentence of Section 2.3(a) of the Credit Agreement is amended and restated in its entirety to read in full as follows:

To request the borrowing of the Loans, the relevant Borrower or Borrowers shall give the Administrative Agent at the Administrative Agent's Office, written notice (or telephonic notice promptly confirmed in writing) (i) prior to 10:00 a.m. on at least the second Business Day prior to the Funding Date, Tranche A-2 Funding Date or Increased Amount Date, as applicable (or such later time as may be agreed with the Administrative Agent (acting reasonably)) in respect of proposed LIBOR Loans or (ii) prior to 12:00 Noon on at least the first Business Day prior to the Funding Date, Tranche A-2 Funding Date or Increased Amount Date, as applicable (or such later time as may be reasonably agreed with the Administrative Agent (acting reasonably)) in respect of proposed ABR Loans.

(g) Section 2.5(a) of the Credit Agreement is amended and restated in its entirety to read in full as follows:

The Borrowers shall, jointly and severally, repay to the Administrative Agent, for the benefit of the Lenders, on each date set forth below (or, if not a Business

Day, the immediately preceding Business Day) (each, a "Tranche A-1 and Tranche A-2 Loan Repayment Date"), a principal amount in respect of the then-outstanding Loans equal to (x) (A) in the case of the Tranche A-1 Loans, the outstanding principal amount of Tranche A-1 Loans on the Funding Date and (B) in the case of the Tranche A-2 Loans (but only for Tranche A-1 and Tranche A-2 Loan Repayment Dates after the Tranche A-2 Funding Date), the outstanding principal amount of Tranche A-2 Loans on the Tranche A-2 Funding Date, multiplied by (y) the percentage set forth below opposite such Loan Repayment Date (a "Tranche A-1 Loan Repayment Amount" and "Tranche A-2 Loan Repayment Amount", respectively):

Date	Percentage
June 30, 2011	0.25%
September 30, 2011	0.25%
December 31, 2011	0.25%
March 31, 2012	0.25%
June 30, 2012	0.25%
September 30, 2012	0.25%
December 31, 2012	0.25%
March 31, 2013	0.25%
June 30, 2013	0.25%
September 30, 2013	0.25%
December 31, 2013	0.25%
March 31, 2014	0.25%
June 30, 2014	0.25%
September 30, 2014	0.25%
December 31, 2014	0.25%
March 31, 2015	0.25%
June 30, 2015	0.25%
September 30, 2015	0.25%
December 31, 2015	0.25%
March 31, 2016	0.25%
June 30, 2016	0.25%
September 30, 2016	0.25%
December 31, 2016	0.25%

Notwithstanding anything to the contrary contained herein, all outstanding principal amounts of the Tranche A-1 and Tranche A-2 Loans, including interest payable thereon, shall be due and payable on the Initial Maturity Date.

In the event that any New Term Loans are made, such New Term Loans shall, subject to Section 2.14, be repaid by the relevant Borrower in the amounts (each a "New Term Loan Repayment Amount") and on the dates set forth in the applicable New Term Loan Joinder Agreement.

(h) Sub-clause (i) of Section 2.5(c) of the Credit Agreement is amended and restated in its entirety to read in full as follows:

the amount of each Loan made hereunder, the Borrower of such Loan, the Type of each Loan made, the Tranche of each Loan made and the Interest Period applicable thereto,

(i) The first sentence of Section 2.7 of the Credit Agreement is amended and restated in its entirety to read in full as follows:

The borrowing of Loans under this Agreement and each Borrowing outstanding from time to time hereunder shall be made or maintained, as applicable, by the Lenders pro rata on the basis of their Commitments (in the case of Tranche A-1 Loans made on the Funding Date, Tranche A-2 Loans made on the Tranche A-2 Funding Date and any New Term Loans made on any Increased Amount Date) or the aggregate outstanding amount of their Loans (in the case of separate Borrowings consisting of different Types or having different Interest Periods).

(j) The words "Maturity Date" in Section 2.9(d) of the Credit Agreement are replaced with the words "applicable Maturity Date."

(k) A new Section 2.14 is added to the Credit Agreement to read in full as follows:

Section 2.14. Incremental Facilities. (a) The Company may by written notice to the Administrative Agent elect to request the establishment of one or more new term loan commitments (the "New Term Loan Commitments") in an amount that may be incurred in compliance with this Agreement (including without limitation, Sections 10.1 and 10.3), each of which shall be in an amount not less than $25,000,000 individually (or such lesser amount which shall be approved by Administrative Agent), and integral multiples of $5,000,000 in excess of that amount. Each such notice shall specify (x) the date (each, an "Increased Amount Date") on which the Company proposes that the New Term Loan Commitments shall be effective, which shall be a date not less than 10 Business Days after the date on which such notice is delivered to the Administrative Agent and (y) the identity of each Lender or other Person (each, a "New Term Loan Lender") to whom the Company proposes any portion of such New Term Loan Commitments be allocated and the amounts of such allocations; provided that any Lender approached to provide all or a portion of the New Term Loan Commitments may elect or decline, in its sole discretion, to provide a New Term Loan Commitment. Such New Term Loan Commitments shall become effective, as of such Increased Amount Date; provided that:

(i) before and after giving effect to such New Term Loan Commitments, no Default or Event of Default shall have occurred and be continuing on such Increased Amount Date;

(ii) before and after giving effect to such New Term Loan Commitments, all representations and warranties made by any Credit Party contained in this Agreement or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of such Increased Amount Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of said earlier date and except for the representation in Section 8.9(b) of this Agreement which shall be deemed to relate to the matter referred to therein on and as of the Tranche A-2 Signing Date);

(iii) the New Term Loan Commitments shall be effected pursuant to one or more joinder agreements (collectively, for any New Term Loan Commitments and New Term Loans, a "New Term Loan Joinder Agreement") in form and substance satisfactory to the Administrative Agent which shall be executed and delivered by Borrowers, the New Term Loan Lender and the Administrative Agent, and each of which shall be recorded in the Register;

(iv) the Administrative Agent shall have received legal opinions and other documents reasonably requested by Administrative Agent in connection with any such transaction or required to be delivered under the applicable New Term Loan Joinder Agreement, provided that any acknowledgement of the Guaranty required to be delivered by any Guarantor and any confirmation that the Security Documents that secure the obligations of the Borrowers hereunder will continue in full force and effect, together with duly executed copies of any amendments or replacements of Security Documents that may be required shall be a condition subsequent to the applicable Increased Amount Date; and

(v) The Administrative Agent shall have received a Notice of Borrowing in respect of the New Term Loans in writing meeting the requirements of Section 2.3 of this Agreement.

(b) On any Increased Amount Date on which any New Term Loan Commitments are effective, subject to the satisfaction of the foregoing terms and conditions, each New Term Loan Lender shall make a Loan to the Borrowers (a "New Term Loan") in an amount equal to its New Term Loan Commitment either (i) to the extent expressly provided for in the applicable New Term Loan Joinder Agreement with respect thereto, by tendering for exchange therefor non-cash consideration in an amount determined in the manner provided in the New Term Loan Joinder Agreement, to the extent applicable, or (ii) by funding cash in the amount provided in the New Term Loan Joinder Agreement and in the manner described in Section 2.4 hereof. Each New Term Loan Lender shall become a Lender hereunder with respect to the New Term Loan Commitment and the New Term Loans made pursuant thereto.

(c) Administrative Agent shall notify Lenders promptly upon receipt of Borrowers' notice of each Increased Amount Date and in respect thereof the New Term Loan Commitments and the New Term Loan Lenders.

(d) The terms and provisions of the New Term Loans and New Term Loan Commitments may be designated Loans of an existing Tranche with terms identical thereto or designated as a new Tranche with terms except as otherwise set forth herein or in the applicable New Term Loan Joinder Agreement, identical to the Tranche A-1 Loans or the Tranche A-2 Loans. In any event, (i) the weighted average life to maturity of all New Term Loans shall be no shorter than the longer of the weighted average life to maturity of (x) the existing Tranche A-1 and (y) the existing Tranche A-2 Loans, (ii) the applicable New Term Loan Maturity Date shall be no earlier than the Initial Maturity Date, and (iii) the Weighted Average Yield applicable to the New Term Loans shall be determined by Borrowers and the applicable new Lenders and shall be set forth in the relevant New Term Loan Joinder Agreement. Notwithstanding anything herein to the contrary, this Agreement and the other Credit Documents may be amended to effect such changes as may be necessary or appropriate, in the opinion of the Administrative Agent, to effect the provisions of this Section 2.14 (including, as to any New Term Loans, with respect to the final maturity and amortization schedule thereof, the interest rate thereon and the treatment thereof for purposes of prepayments and voting), which amendment (which may be incorporated into the applicable New Term Loan Joinder Agreement(s)) shall be executed by the Borrowers, the Administrative Agent and the applicable New Term Loan Lender(s) (but not any other Lenders).

(l) Section 4.3 of the Credit Agreement is amended and restated in its entirety to read in full as follows:

(a) The Tranche A-1 Commitment shall terminate upon the earlier of (i) the funding thereof on the Funding Date and (ii) 5:00 p.m. (London time) on the last day of the Availability Period.

(b) The Tranche A-2 Commitment shall terminate upon the earlier of (i) the funding thereof on the Tranche A-2 Funding Date and (ii) 5:00 p.m. (London time) on the last day of the Tranche A-2 Availability Period.

(c) Each New Term Loan Commitment shall terminate at the time provided in the applicable New Term Loan Joinder Agreement.

(m) Schedule 1.1(e) to this Agreement is added as a new Schedule 1.1(e) to the Credit Agreement.

(n) Schedule 8.10 to the Credit Agreement is deleted and replaced with Schedule 8.10 to this Agreement.

(o) Schedule 8.13 to the Credit Agreement is deleted and replaced with Schedule 8.13 to this Agreement.

(p) Schedule 8.15 to the Credit Agreement is deleted and replaced with Schedule 8.15 to this Agreement.

(q) Schedule 8.18 to the Credit Agreement is deleted and replaced with Schedule 8.18 to this Agreement.

(r) Paragraph 3 of Exhibit A ("Form of Assignment and Acceptance") to the Credit Agreement is amended and restated to read in full as follows:

Assigned Interest:

Total Commitment of all Lenders/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Tranche of Loans Assigned	Percentage Assigned of Total Commitment/Loans of all Lenders (set forth, to at least 9 decimals, as a percentage of the, Total Commitment/Loans of all Lenders)
$			[0.000000000%]

Section 4. *Representations And Warranties.* Each Borrower represents and warrants that as of the Tranche A-2 Signing Date:

(a) no Default or Event of Default shall have occurred and be continuing; and

(b) all representations and warranties made by any Credit Party contained in the Credit Agreement or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Tranche A-2 Signing Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of said earlier date and except for the representation in Section 8.9(b) of the Credit Agreement which shall be deemed to relate to the matter referred to therein on and as of the Signing Date).

Section 5. *Conditions Precedent to the Tranche A-2 Signing Date.* This Agreement shall become effective as of the first date (the "**Tranche A-2 Signing Date**") when each of the following conditions shall have been satisfied:

(a) *Amendment.* The Administrative Agent shall have received this Agreement, executed and delivered by a duly authorized signatory of each Borrower, the Required Lenders (determined immediately prior to the Tranche A-2 Signing Date) and each Tranche A-2 Lender;

(b) *Collateral Agency Agreement*. The Administrative Agent shall have received any required accessions to the Collateral Agency Agreement, executed and delivered by a duly authorized signatory of each party thereto;

(c) *Solvency*. The Administrative Agent shall have received a certificate from an Authorized Officer of the Company in a form reasonably satisfactory to the Administrative Agent demonstrating that, as of the Tranche A-2 Signing Date, the Company on a consolidated basis with its Subsidiaries is solvent;

(d) *Legal Opinions*. The Administrative Agent shall have received the executed legal opinions of (i) special New York counsel to the Borrowers reasonably satisfactory to the Administrative Agent and (ii) special Dutch counsel to the Borrowers reasonably satisfactory to the Administrative Agent, in each case in substantially the same form and substance as provided under and in connection with the Credit Agreement or otherwise in form and substance reasonably satisfactory to the Administrative Agent and, in each case, to the extent applicable to entities that are Original Credit Parties. Each Borrower, for itself and on behalf of the other Original Credit Parties, and the Administrative Agent hereby instruct counsel to deliver such legal opinions;

(e) *Closing Certificates*. The Administrative Agent shall have received a certificate of each Original Credit Party, dated the Tranche A-2 Signing Date, substantially in the form of Exhibit C-1 to the Credit Agreement, with appropriate insertions, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Original Credit Party (or where customary in the relevant jurisdiction, executed by a director of such Original Credit Party), and, if applicable, attaching the documents referred to in clauses (f) and (g) below;

(f) *Corporate Proceedings of Each Original Credit Party*. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors and, to the extent required under applicable Law or the organizational documents of any Original Credit Party, the shareholders of each Original Credit Party (or a duly authorized committee thereof) authorizing (i) the execution, delivery and performance of this Agreement (and any agreements relating thereto) to which it is a party and (ii) in the case of the Borrowers, the Tranche A-2 Loans contemplated hereunder;

(g) *Corporate Documents*. The Administrative Agent shall have received true and complete copies of the certificate of incorporation, by-laws (or equivalent organizational documents) and, to the extent available in the relevant jurisdiction, an extract of the trade register of each Original Credit Party or certification that such corporate documents delivered on the Tranche A-2 Signing Date are currently in full force and effect and no action has been taken to alter, amend, revise, supplement, modify, revoke or rescind such corporate documents since the Signing Date;

(h) *Know Your Customer*. Each Tranche A-2 Lender shall have received such documentation and other evidence as shall have been reasonably requested no later than 5 days prior to the Tranche A-2 Signing Date in order for such Tranche A-2 Lender to carry out and be satisfied with the results of all necessary "know your customer" or other similar identification procedures; and

(i) *Representations and Warranties*. The representations and warranties set forth in Section 4 above shall be true and correct.

Section 6. *Conditions Precedent to the Tranche A-2 Funding Date.*

(a) *Representations and Warranties*. The representations and warranties set forth in Section 4 above shall be true and correct, before and after giving effect to the Tranche A-2 Loans, with the same effect as if each reference to "Tranche A-2 Signing Date" in Section 4 above were replaced with "Tranche A-2 Funding Date".

(b) *Notice of Borrowing*. The Administrative Agent shall have received a Notice of Borrowing in respect of the Tranche A-2 Loans in writing meeting the requirements of Section 2.3 of the Credit Agreement (as the same will be amended by this Agreement); and

(c) *Fees*. The Administrative Agent shall have received evidence that the fees in the amounts (and at the times) previously agreed in writing by the Administrative Agent to be received on or prior to the Tranche A-2 Funding Date and all expenses for which the Borrowers are responsible and in relation to which invoices have been presented prior to the Tranche A-2 Funding Date shall be paid on or by such date, and the Company and its Subsidiaries that are party thereto shall have complied in all material respects with all of the other terms of the engagement letter dated November 15, 2011 between Barclays Bank PLC and the Company to be complied with on or before the Tranche A-2 Funding Date.

The acceptance of the benefits of the Tranche A-2 Loans shall constitute a representation and warranty by each Credit Party that all the applicable conditions specified above exist as of that time.

Section 7. *Further Covenants.*

Without limitation of any covenant or undertaking in the Credit Agreement, each of the Borrowers hereby agrees as follows:

(a) Not later than 60 days after the Tranche A-2 Signing Date (or such longer period as the Administrative Agent may agree in writing in its sole discretion and specifically in respect of any Guarantor incorporated or registered under the laws of Hong Kong or Singapore, such longer period as is reasonably required following the Tranche A-2 Signing Date), the Administrative Agent shall have received counterparts of an Acknowledgement substantially in the form of Exhibit A to this Agreement (with such amendments thereto as may be agreed by counsel to the relevant Guarantor and counsel to the Administrative Agent), duly executed by each Guarantor (other than the Borrowers).

(b) Subject to the Agreed Security Principles, as soon as is reasonably practicable following the Tranche A-2 Funding Date and in any event within 60 days thereafter (or such longer period as the Administrative Agent may agree in writing in its sole discretion and specifically in the case of clause (iii) below and in respect of any Guarantor incorporated or registered under the laws of Hong Kong, such longer period as is reasonably required following the Tranche A-2 Funding Date):

(i) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received (A) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that the Security Documents that secure the obligations of the Borrowers under the Credit Agreement (including, for the avoidance of doubt, obligations of the Borrowers in respect of the Tranche A-2 Loans) may continue in force and effect, confirmation that such Security Documents remain in full force and effect and (B) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that amendments or replacements of the Security Documents that

secure such obligations as of the Tranche A-2 Funding Date are required in order to ensure that such obligations under the Credit Agreement and the Guarantors under the Guaranty are secured, then copies of each such required amended or replaced agreement, executed and delivered by a duly authorized signatory of each party thereto; provided that the parties hereto agree that no such confirmation, amendment or replacement will be necessary in respect of Security Documents governed by Japanese law.

(ii) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received the executed legal opinions of (A) special German counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent, (B) special Hong Kong counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (C) special Philippines counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (D) special Taiwan counsel to the Borrowers reasonably satisfactory to the Taiwan Collateral Agent, (E) special Taiwan counsel to the Taiwan Collateral Agent reasonably satisfactory to the Taiwan Collateral Agent, (F) special Thailand counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (G) special Singapore counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (H) special English counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (I) special California and Arizona counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent and (J) special Netherlands counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent in each case in substantially the same form and substance as provided under and in connection with the Credit Agreement or otherwise in form and substance reasonably satisfactory to Global Collateral Agent and the Taiwan Collateral Agent, as applicable, and, in each case, to the extent applicable to entities that are Credit Parties. The Borrowers hereby instruct counsel to deliver such legal opinions.

(iii) NXP Semiconductors Singapore Pte. Ltd. shall progress the necessary “whitewash” procedures under Section 76 of the Companies Act (Chapter 50 of Singapore) in Singapore. Once the necessary “whitewash” procedures are completed, the securities (referred to in clause (b) above) and the Guaranty granted by NXP Semiconductors Singapore Pte. Ltd. (pursuant to clause (a) above) will effectively secure all Secured Obligations in respect of liabilities or obligations.

The parties hereto agree that any failure to perform the undertakings in this Section 7 on the terms provided herein shall constitute an Event of Default under the Credit Agreement if such failure continues for 30 days after notice thereof by the Administrative Agent on behalf of the Lenders or the Required Lenders.

Section 8. *Certain Consequences Of Effectiveness.*

(a) Except as expressly set forth herein, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement and the other Credit Documents and all rights of the Agents and the Lenders and all obligations of the Credit Parties, shall remain in full force and effect. Each Borrower hereby confirms that the Credit Agreement and the other Credit Documents are in full force and effect. Without

limiting the foregoing and subject to confirmation of the satisfaction of the conditions subsequent set forth in Section 7 above by the Administrative Agent, the Global Collateral Agent and the Taiwan Collateral Agent, each Borrower hereby confirms that the Guaranty and the Security Documents to which it is a party, the guarantees by each Borrower set forth therein and all of the Collateral described therein do, and shall continue to, guarantee and secure the payment of all of the Obligations and Secured Obligations (as applicable and, in each case, as defined and subject to the limitations set forth therein and subject to Debtor Relief Laws and to general principles of equity) which shall include, on and after the Tranche A-2 Funding Date, the obligations in respect of the Tranche A-2 Loans.

(b) For the avoidance of doubt, this Agreement shall not alter the Commitment of any existing Lender that is party hereto solely in its capacity as a Required Lender.

(c) This Amendment shall constitute a Credit Document for all purposes of the Credit Agreement and all the other Credit Documents.

Section 9. *Counterparts*. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Section 10. *Governing Law.* THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 11. *Waivers Of Jury Trial*. EACH BORROWER, EACH AGENT AND EACH LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 12. *Costs And Expenses.* For the avoidance of doubt, Section 13.6 of the Credit Agreement shall apply to the payment of costs and expenses incurred in connection with this Agreement and any other documents prepared in connection therewith.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NXP B.V.

By: _____
Name:
Title:

NXP FUNDING LLC

By: _____
Name:
Title:

[Signature Page to Amendment]

BARCLAYS BANK PLC, as Administrative Agent, Consenting Lender and Tranche A-2 Lender

By: _____

Name:

Title:

[Signature Page to Amendment]

[NAME OF LENDER], as Consenting Lender

By: _____
Name:
Title:

[Signature Page to Amendment]

SCHEDULE 1.1(e)

TRANCHE A-2 COMMITMENTS
(AS OF THE TRANCHE A-2 SIGNING DATE)

Tranche A-2 Lender	Tranche A-2 Commitment
BARCLAYS BANK PLC	$ 500,000,000

SCHEDULE 8.10

LITIGATION (EXCEPT INTELLECTUAL PROPERTY LITIGATION) AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

	Entity	*Issue*	*Amount claimed*	*Additional Information*
Claims against NXP				
1.	NXP Semiconductors Netherlands B.V.	Unlawful breach of negotiations	EUR 8,302,752 plus pro memorie claims	• Negotiations with Norit Winkelsteeg B.V. and Vitens N.V. to build and operate a so-called permeaatwater factory for NXP Semiconductors Netherlands B.V. were terminated. • The Court of Appeal ruled that in NXP's favour a compensation for indirect losses or loss of profit cannot be awarded but that limited compensation should be awarded for direct losses. • Next step is for Norit/Vitens to submit a statement of objections - this is due since Q2 2010; NXP will be able to submit a response taking as much time as N/V will take.
2.	NXP Semiconductors France SAS	Former NXP employees claiming cancellation of voluntary termination of employment contract	EUR 3,600,000	• 17 former employees of DSPG filed a claim against NXP to require their re-integration within NXP following termination of their employment or payment of a severance package • NXP has an indemnity from DSPG for any liabilities resulting from such terminations.

				• Case won by NXP but employees filed for appeal, which is still pending.
3.	NXP Semiconductors France SAS	Breach of contract	EUR 4,000,000	• ILM Technologies France claims that NXP unlawfully terminated a services agreement. • ILM lost in fist instance and in appeal but filed for appeal in the highest court in October 2010
4.	NXP Semiconductors USA, Inc.	Alleged exposure to harmful substances resulting in physical injuries and birth defects Other Semi companies have received similar claims	None claimed, to be determined at trial	• Three former employees assert exposure to harmful substances resulting in physical injuries and birth defects • Claims filed, initial discovery request commenced by both sides in court but actual substantive responses pending.
5.	NXP Semiconductors Netherlands B.V.	European Commission investigation into breach of European Union competition rules in smart card chip sector.	None claimed	• In January 2009 the European Commission announced start of investigations concerning breach of prohibited practices such as price fixing, customer allocation and the exchange of commercially sensitive information. • As one of the companies active in the smart card chip sector, NXP is subject to a number of these ongoing investigations and is assisting the regulatory authorities in these investigations. • Investigations are in initial stages and it is not currently possible to reliably estimate the outcome of the investigations.

SCHEDULE 8.13

ENVIRONMENTAL CLAIMS AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

Site	*Issue*	*Expected Liability*	*Additional Information*
Germany			
Hamburg	Soil and groundwater pollution	EUR 650,000 per year for next 25 years	• Clean up already underway and will continue for 25 years. • Investigations alternative decontamination methods and ground water containment concept ongoing. • New thermal heating decontamination project started in 2011. • Yearly reviews undertaken by environmental agency. Last review was in February 2011.
Netherlands			
Nijmegen	Soil and groundwater pollution	USD 100,000 per year for next 10 years	• Soil and groundwater are contaminated. These matters have been reported to the authorities and no further action is required. • However, NXP extracts polluted groundwater of companies in neighbourhood. In consultation with the authorities, NXP has formally requested the municipality to legalize these activities. Possible treat (cleaning) methods and monitoring for extracted groundwater in the next 10 years, costing USD 100,000 per year. Decision municipality pending.

Site	Issue	Expected Liability	Additional Information
	Asbestos in foundation parking lot	USD 700,000	• NXP rents a parcel from the municipality. If the lease is ended, NXP would be required to dismantle the parcel which would result in costs in relation to the disposal of asbestos.
Lent	TCE contamination	EUR 4,000,000 if ProRail claims are successful	• Site has been sold to ProRail. ProRail claims that NXP contaminated the land. Claims are being rejected (the last claim was in January 2010). • If ProRail is successful in its claims, this may result in a total liability of EUR 4,000,000 if building activities are undertaken by ProRail. • However, it is considered very unlikely that a claim against NXP in connection with this matter will be made successfully.
United Kingdom			
Southampton	Asbestos in buildings	USD 1,700,000 if building demolished	• Updated survey complete. Cost is in relation to removal of asbestos which will be required if the building is demolished.
Manchester (Hazel Grove)	Asbestos in building and foundation	USD 850,000 Unknown	• No action required at present but removal of asbestos will be required on demolition of the building at a cost of USD 850,000
	Possible soil and groundwater pollution	USD 5,000 per year for 25 years	• Cost is in relation to testing for contamination. • At present there is no cause for concern.

SCHEDULE 8.15

RESTRICTED SUBSIDIARIES

No.	Subsidiary	Jurisdiction of Organization	Ownership Interest
1.	NXP Semiconductors Netherlands B.V.	Netherlands	100%
2.	NXP Software B.V.	Netherlands	100%
3.	NXP Semiconductors International B.V. under liquidation (voluntary wind up)	Netherlands	100%
4.	NXP Holding B.V. under liquidation (voluntary wind up)	Netherlands	100%
5.	NXP Semiconductors GA GmbH	Germany	100%
6.	SMST Unterstützungsksasse GmbH	Germany	100%
7.	NXP Semiconductors Germany GmbH	Germany	100%
8.	NXP Stresemannallee 101 Dritte Verwaltungs GmbH	Germany	100%
9.	NXP Semiconductors Austria GmbH	Austria	100%
10.	NXP Semiconductors Switzerland AG	Switzerland	100%
11.	NXP Semiconductors Belgium N.V.	Belgium	100%
12.	NXP Semiconductors France SAS	France	100%
13.	NXP Semiconductors Finland Oy	Finland	100%
14.	NXP Semiconductors Sweden AB	Sweden	100%
15.	NXP Semiconductors UK Ltd.	UK	100%
16.	NXP Semiconductors Hungary Ltd.	Hungary	100%
17.	NXP Semiconductors Electronik Ticaret A.S .	Turkey	100%
18.	NXP Semiconductors Poland Sp.z.o.o.	Poland	100%
19.	O.O.O. NXP Semiconductors Russia	Russia	100%
20.	NXP Semiconductors Guangdong Ltd.	China	100%
21.	NXP Semiconductors (Shanghai) Ltd.	China	100%
22.	NXP Semiconductors Hong Kong Ltd.	Hong Kong	100%
23.	Electronic Devices Ltd.	Hong Kong	100%

No.	Subsidiary	Jurisdiction of Organization	Ownership Interest
24.	Semiconductors NXP Ltd.	Hong Kong	100%
25.	NXP Semiconductors Japan Ltd.	Japan	100%
26.	NXP Semiconductors Korea Ltd.	Korea	100%
27.	NXP Semiconductors Singapore Pte. Ltd.	Singapore	100%
28.	NXP Semiconductors Taiwan Ltd.	Taiwan	100%
29.	NXP Semiconductors Malaysia Sdn. Bhd.	Malaysia	100%
30.	NXP Semiconductors Philippines, Inc.	Philippines	100%
31.	NXP Semiconductors Cabuyao, Inc.	Philippines	99.9%
32.	NXP Semiconductors (Thailand) Ltd. under liquidation (voluntary wind up)	Thailand	100%
33.	NXP Manufacturing (Thailand) Ltd	Thailand	100%
34.	NXP Semiconductors India Pvt Ltd.	India	100%
35.	NXP Semiconductors USA, Inc.	USA	100%
36.	NXP Semiconductors (GPS) USA, Inc.	USA	100%
37.	Jennic America, Inc.	USA	100%
38.	NXP Laboratories UK Holding Ltd.	UK	100%
39.	NXP Laboratories UK Ltd.	UK	100%
40.	Glonav UK Ltd.	UK	100%
41.	Glonav Ltd.	Ireland	100%
42.	NXP Semiconductors Canada Inc.	Canada	100%
43.	NXP Semiconductors Brasil Ltda	Brazil	100%
44.	NXP Funding LLC	USA	100%

EQUITY INVESTMENTS

No.	Entity	Country	Stakeholder[1]	Ownership Interest
1.	Laguna Ventures, Inc.	Philippines	NXP Semiconductors Philippines, Inc.	39.9%
2.	Suzhou ASEN Semiconductors Co. Ltd	China	NXP B.V.	40%
3.	Advanced Semiconductor Manufacturing Corporation Limited	China	NXP B.V.	27.47%
4.	NuTune Singapore Pte. Ltd.	Singapore	NXP B.V.	9.09%
5.	VIVOtech, Inc.	USA	NXP B.V.	0.72%

[1] As far as the NXP B.V. stake is concerned.

SCHEDULE 8.18

INTELLECTUAL PROPERTY LITIGATION AGAINST THE COMPANY AND ITS RESTRICTED SUBSIDIARIES

Entity	*Issue*	*Amount claimed*	*Additional Information*
None			

EXHIBIT A

Guarantor Acknowledgement

ACKNOWLEDGEMENT

Reference is made to the Joinder and Amendment Agreement (the "**Amendment**") dated November 18, 2011 relating to the Credit Agreement dated as of March 4, 2011 (the "**Credit Agreement**") among NXP B.V. with its corporate seat in Eindhoven, the Netherlands (the "**Company**"), NXP FUNDING LLC (the "**Co-Borrower**"), the lending institutions from time to time parties thereto, Barclays Bank PLC, as Administrative Agent, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent. Unless otherwise specifically defined herein, each term used herein that is defined in the Amendment has the meaning assigned to such term in the Credit Agreement or the Amendment.

Each of the undersigned hereby consents to the foregoing Amendment, including without limitation the extension of the Tranche A-2 Loans referred to therein, and hereby confirms and agrees that (a) notwithstanding the effectiveness of such Amendment, each Credit Document to which it is party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, each reference in any Credit Document to the Credit Agreement, "thereof", "thereunder", "therein" and "thereby" and each other similar reference to the Credit Agreement contained therein shall, on and after the Tranche A-2 Funding Date, refer to the Credit Agreement as amended by the Amendment and (b) the Guaranty and the Security Documents to which each of the undersigned is a party and all of the Collateral described therein do, and shall continue to, guarantee and secure the payment of all of the Obligations and the Secured Obligations (as applicable and, in each case, as defined and subject to the limitations set forth therein and in the Amendment) which shall include, on and after the Tranche A-2 Funding Date, the obligations in respect of the Tranche A-2 Loans and any New Term Loans.

IN WITNESS WHEREOF, the parties hereto have caused this Acknowledgement to be duly executed as of the date first above written.

[GUARANTORS]

By: _____

Name:

Title:

Exhibit 4.10

Execution Version

NEW TERM LOAN JOINDER AGREEMENT

This New Term Loan Joinder Agreement (this "**Agreement**") dated as of February 16, 2012 to the Credit Agreement referenced below is by and among the Tranche B Lenders, the Borrowers and the Administrative Agent (each as defined below) under the Credit Agreement referenced below.

RECITALS:

Reference is made to that certain Credit Agreement dated as of March 4, 2011, as amended by that certain Joinder and Amendment Agreement dated as of November 18, 2011 (as further amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") among NXP B.V., with its corporate seat in Eindhoven, the Netherlands (the "**Company**"), NXP Funding LLC (the "**Co-Borrower**" and, together with the Company, the "**Borrowers**"), the lending institutions from time to time parties thereto, Barclays Bank PLC, as Administrative Agent (in such capacity, the "**Administrative Agent**"), Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent.

Pursuant to Section 2.14 of the Credit Agreement, the Company has requested that the New Term Loan Lenders listed on Schedule 1.1(f) hereto (each, a "**Tranche B Lender**" and collectively, the "**Tranche B Lenders**") provide New Term Loans under the Credit Agreement (the "**Tranche B Loans**") in an aggregate principal amount of $475,000,000.

The Tranche B Lenders are willing to make available to the Borrowers Tranche B Loans on the terms and subject to the conditions set forth herein. The proceeds of the Tranche B Loans will be used to repay, redeem or repurchase a portion of the Company's outstanding indebtedness.

Therefore, in consideration of the premises and the covenants and agreements contained herein, the parties hereto hereby agree as follows:

Section 1. *Defined Terms.* Unless otherwise specifically defined herein, each term used herein that is defined in the Credit Agreement has the meaning assigned to such term in the Credit Agreement. The interpretive provisions set forth in Section 1.2 of the Credit Agreement apply to this Agreement.

Section 2. *Tranche B Loans.*

(a) Each Tranche B Lender hereby agrees, on the terms and subject to the conditions set forth herein and in the Credit Agreement, to make a Tranche B Loan to the Borrowers on the Tranche B Funding Date (as defined below) in a principal amount not to exceed the amount set forth opposite such Tranche B Lender's name on Schedule 1.1(f) as such Tranche B Lender's "Tranche B Commitment" (with respect to each Tranche B Lender, the "**Tranche B Commitment**"); *provided* that the amount required to be funded by each Tranche B Lender with respect to its Tranche B Loan shall be equal to 98.50% of the stated principal amount of such Tranche B Lender's Tranche B Loan.

(b) The Tranche B Loans shall be designated as a new Tranche under the Credit Agreement, with terms and provisions identical to the Tranche A-1 Loans, except as set forth below:

(i) The Tranche B Commitments shall terminate upon the earlier of (i) the funding thereof on the Tranche B Funding Date (as defined below) and (ii) 5:00 p.m. (London time) on March 19, 2012.

(ii) Any ABR Loan which is a Tranche B Loan shall have an Applicable ABR Margin of 3.00% per annum.

(iii) Any LIBOR Loan which is a Tranche B Loan shall have an Applicable LIBOR Margin of 4.00% per annum.

(iv) The Borrowers shall, jointly and severally, repay to the Administrative Agent after the Tranche B Funding Date, for the benefit of the Tranche B Lenders, on each date set forth below (or, if not a Business Day, the immediately preceding Business Day) (each, a "**Tranche B Loan Repayment Date**"), a principal amount in respect of the then-outstanding Tranche B Loans equal to (x) the outstanding principal amount of Tranche B Loans on the Tranche B Funding Date, multiplied by (y) the percentage set forth below opposite such Tranche B Loan Repayment Date (a "**Tranche B Loan Repayment Amount**"):

Date	Percentage
June 30, 2012	0.25%
September 30, 2012	0.25%
December 31, 2012	0.25%
March 31, 2013	0.25%
June 30, 2013	0.25%
September 30, 2013	0.25%
December 31, 2013	0.25%
March 31, 2014	0.25%
June 30, 2014	0.25%
September 30, 2014	0.25%
December 31, 2014	0.25%
March 31, 2015	0.25%
June 30, 2015	0.25%
September 30, 2015	0.25%

December 31, 2015	0.25%
March 31, 2016	0.25%
June 30, 2016	0.25%
September 30, 2016	0.25%
December 31, 2016	0.25%
March 31, 2017	0.25%
June 30, 2017	0.25%
September 30, 2017	0.25%
December 31, 2017	0.25%
March 31, 2018	0.25%
June 30, 2018	0.25%
September 30, 2018	0.25%
December 31, 2018	0.25%

Notwithstanding anything to the contrary contained herein, all outstanding principal amounts of the Tranche B Loans, including interest payable thereon, shall be due and payable on March 19, 2019 (or, if not a Business Day, the immediately preceding Business Day) (the "**Tranche B Maturity Date**").

(v) The Tranche B Loans shall have a Weighted Average Yield of 5.46%.

(vi) The Borrowers shall not be permitted to voluntarily prepay the Tranche B Loans prior to the first anniversary of the Tranche B Signing Date. From and after such first anniversary, the Borrowers may prepay the Tranche B Term Loans at 100% of the principal amount thereof and accrued interest to the date of payment *plus*, if such prepayment occurs on or after the first but prior to the second anniversary of the Tranche B Signing Date, a prepayment premium equal to 1.00% of the principal amount so prepaid.

Section 3. *Amendments to Credit Agreement.* The Credit Agreement is amended as follows in accordance with Section 2.14(d) thereof.

(a) Section 1.1 of the Credit Agreement is amended by adding the following defined term:

"Tranche B Effective Date" shall mean the expiry of 10 Business Days from February 15, 2012, which is the date the notice was delivered to the Administrative Agent pursuant to and in accordance with Section 2.14 (*Incremental Facilities*) of the Credit Agreement.

"Tranche B Loans" shall mean the "Tranche B Loans" as defined in, and made in accordance with, the New Term Loan Joinder Agreement dated as of February 16, 2012 among the Borrowers, the New Term Loan Lenders party thereto, and the Administrative Agent.

(b) The following definitions in Section 1.1 of the Credit Agreement are amended and restated to read in their entirety as follows:

"Applicable ABR Margin" shall mean with respect to any ABR Loan, which is (x) a Tranche A-1 Loan, 2.25% per annum, (y) a Tranche A-2 Loan, 3.25% per annum or (z) a Tranche B Loan, 3.00% per annum.

"Applicable LIBOR Margin" shall mean with respect to a LIBOR Loan, which is (x) a Tranche A-1 Loan, 3.25% per annum, (y) a Tranche A-2 Loan, 4.25% per annum or (z) a Tranche B Loan, 4.00% per annum.

"Tranche" shall mean, in relation to any Loan, whether such Loan is a Tranche A-1 Loan, a Tranche A-2 Loan, a Tranche B Loan or an additional tranche (as contemplated by and designated pursuant to Section 2.14).

(c) Schedule 1.1(f) to this Agreement is added as a new Schedule 1.1(f) to the Credit Agreement.

(d) Section 5.1 of the Credit Agreement is amended and restated in its entirety to read as follows:

"5.1 Voluntary Prepayments. The Borrowers shall have the right to prepay Loans without premium or penalty (except as provided below), in whole or in part from time to time on or after the second anniversary of the Signing Date and in the case of the Tranche B Loans on or after the first anniversary of the Tranche B Signing Date on the following terms and conditions: (a) the Company shall give the Administrative Agent and at the Administrative Agent's Office written notice (or telephonic notice promptly confirmed in writing) of its intent to make such prepayment, the amount of such prepayment and (in the case of LIBOR Loans) the specific Borrowing(s) to be prepaid, which notice shall be given by the Company no later than 10:00 a.m. two Business Days prior to the date of such prepayment and shall promptly be transmitted by the Administrative Agent to each of the Lenders; (b) each partial prepayment of any LIBOR Loans shall be in an integral multiple of $1,000,000 and in an aggregate principal amount of at least $5,000,000 and each partial prepayment of ABR Loans shall be in an integral multiple of $1,000,000 and in an aggregate principal amount of at least $1,000,000 or, in each case, if less, the entire principal amount thereof then outstanding, and any prepayment of Loans pursuant to this Section 5.1 on any day other than the last day of an Interest Period applicable thereto shall be subject to compliance by the Borrowers with the applicable provisions of Section

2.11. Each prepayment pursuant to this Section 5.1 shall be (a) applied to such Loans as the Company may specify and (b) applied to reduce such Loan Repayment Amounts as the Company may specify. At the Company's election in connection with any prepayment pursuant to this Section 5.1, such prepayment shall not be applied to any Loan of a Defaulting Lender.

In the event that, a Borrower makes any voluntary prepayment of Loans (other than Tranche B Loans) on or after the Second Anniversary of the Signing Date (pursuant to Section 5.1), the Borrowers shall pay to the Administrative Agent, for the ratable account of each Lender of any such Loan, a prepayment premium as follows:

(i) in the event that such a prepayment is made on or after the second anniversary of the Signing Date but prior to the third anniversary of the Signing Date, 2% of the amount of the Loans being prepaid; and

(ii) in the event that such a prepayment is made on or after the third anniversary of the Signing Date but prior to the fourth anniversary of the Signing Date, 1% of the amount of the Loans being prepaid.

In the event that a Borrower makes any voluntary prepayment of Tranche B Loans on or after the first anniversary of the Tranche B Signing Date (pursuant to Section 5.1), but prior to the second anniversary of the Tranche B Signing Date, the Borrowers shall pay to the Administrative Agent, for the ratable account of each Lender, a prepayment premium of 1% of the principal amount of the Tranche B Loans so prepaid."

Section 4. *Representations And Warranties.* Each Borrower represents and warrants that as of the Tranche B Signing Date:

(a) no Default or Event of Default shall have occurred and be continuing; and

(b) all representations and warranties made by any Credit Party contained in the Credit Agreement or in the other Credit Documents shall be true and correct in all material respects with the same effect as though such representations and warranties had been made on and as of the Tranche B Signing Date (except where such representations and warranties expressly relate to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects as of said earlier date and except for the representation in Section 8.9(b) of the Credit Agreement which shall be deemed to relate to the matter referred to therein on and as of the Tranche B Signing Date).

Section 5. *Conditions Precedent to the Tranche B Signing Date.* This Agreement shall become effective as of the first date (the "**Tranche B Signing Date**") when each of the following conditions shall have been satisfied:

(a) *New Term Loan Joinder Agreement.* The Administrative Agent shall have received this Agreement, executed and delivered by a duly authorized signatory of each Borrower, each Tranche B Lender and the Administrative Agent;

(b) *Solvency*. The Administrative Agent shall have received a certificate from an Authorized Officer of the Company in a form reasonably satisfactory to the Administrative Agent demonstrating that, as of the Tranche B Signing Date, the Company on a consolidated basis with its Subsidiaries is solvent;

(c) *Closing Certificates*. The Administrative Agent shall have received a certificate of each Original Credit Party, dated the Tranche B Signing Date, substantially in the form of Exhibit C-1 to the Credit Agreement, with appropriate insertions, executed by the President or any Vice President and the Secretary or any Assistant Secretary of such Original Credit Party (or where customary in the relevant jurisdiction, executed by a director of such Original Credit Party), and, if applicable, attaching the documents referred to in clauses (d) and (e) below;

(d) *Corporate Proceedings of Each Original Credit Party*. The Administrative Agent shall have received a copy of the resolutions, in form and substance satisfactory to the Administrative Agent, of the Board of Directors and, to the extent required under applicable Law or the organizational documents of any Original Credit Party, the shareholders of each Original Credit Party (or a duly authorized committee thereof) authorizing (i) the execution, delivery and performance of this Agreement (and any agreements relating thereto) to which it is a party and (ii) in the case of the Borrowers, the Tranche B Loans contemplated hereunder;

(e) *Corporate Documents*. The Administrative Agent shall have received true and complete copies of the certificate of incorporation, by-laws (or equivalent organizational documents) and, to the extent available in the relevant jurisdiction, an extract of the trade register of each Original Credit Party or certification that such corporate documents delivered on the Tranche B Signing Date are currently in full force and effect and no action has been taken to alter, amend, revise, supplement, modify, revoke or rescind such corporate documents since the Tranche A-2 Signing Date;

(f) *Know Your Customer*. Each Tranche B Lender shall have received such documentation and other evidence as shall have been reasonably requested prior to the Tranche B Signing Date in order for such Tranche B Lender to carry out and be satisfied with the results of all necessary "know your customer" or other similar identification procedures; and

(g) *Representations and Warranties*. The representations and warranties set forth in Section 4 above shall be true and correct.

Section 6. *Conditions Precedent to the Tranche B Funding Date.* The obligation of each Tranche B Lender to make a Tranche B Loan to the Borrowers on the date specified as the "Date of Borrowing" in the Notice of Borrowing delivered pursuant to clause (b) of this Section 6 (which date shall be during the period beginning on the Tranche B Signing Date to and including March 19, 2012) (the "**Tranche B Funding Date**") is subject the satisfaction (or waiver) of the following conditions precedent:

(a) *Representations and Warranties*. The representations and warranties set forth in Section 4 above shall be true and correct, before and after giving effect to the Tranche B Loans, with the same effect as if each reference to "Tranche B Signing Date" in Section 4 above were replaced with "Tranche B Funding Date";

(b) *Notice of Borrowing*. The Administrative Agent shall have received a Notice of Borrowing in respect of the Tranche B Loans in writing meeting the requirements of Section 2.3 of the Credit Agreement;

(c) *Fees*. The Administrative Agent shall have received evidence that the fees in the amounts (and at the times) previously agreed in writing by the Administrative Agent to be received on or prior to the Tranche B Funding Date as well as fees included in Section 2 of the Engagement Letter (defined below) and all expenses for which the Borrowers are responsible and in relation to which invoices have been presented prior to the Tranche B Funding Date shall be paid on or by such date, and the Company and its Subsidiaries that are party thereto shall have complied in all material respects with all of the other terms of the engagement letter dated February 13, 2012 (the "**Engagement Letter**", which Engagement Letter shall not have been terminated by the Borrowers) between Morgan Stanley Senior Funding, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and the Company to be complied with on or before the Tranche B Funding Date;

(d) *Legal Opinions*. The Administrative Agent shall have received the executed legal opinions of (i) special New York counsel to the Borrowers reasonably satisfactory to the Administrative Agent and (ii) special Dutch counsel to the Borrowers reasonably satisfactory to the Administrative Agent, in each case in substantially the same form and substance as provided under and in connection with the Credit Agreement or otherwise in form and substance reasonably satisfactory to the Administrative Agent and, in each case, to the extent applicable to entities that are Original Credit Parties. Each Borrower, for itself and on behalf of the other Original Credit Parties, and the Administrative Agent hereby instruct counsel to deliver such legal opinions; and

(e) *Collateral Agency Agreement*. The Administrative Agent shall have received any required accessions to the Collateral Agency Agreement, executed and delivered by a duly authorized signatory of each party thereto.

The acceptance of the benefits of the Tranche B Loans shall constitute a representation and warranty by each Credit Party that all the applicable conditions specified above exist as of that time.

Section 7. *Further Covenants*.

Without limitation of any covenant or undertaking in the Credit Agreement, each of the Borrowers hereby agrees as follows:

(a) Not later than 60 days after the Tranche B Signing Date (or such longer period as the Administrative Agent may agree in writing in its sole discretion and specifically in respect of any Guarantor incorporated or registered under the laws of Hong Kong or Singapore, such longer period as is reasonably required following the Tranche B Signing Date), the Administrative Agent shall have received counterparts of an Acknowledgement substantially in the form of Exhibit A to this Agreement (with such amendments thereto as may be agreed by counsel to the relevant Guarantor and counsel to the Administrative Agent), duly executed by each Guarantor (other than the Borrowers).

(b) Subject to the Agreed Security Principles, as soon as is reasonably practicable following the Tranche B Funding Date and in any event within 60 days thereafter (or such longer period as the Administrative Agent may agree in writing in its sole discretion and specifically in the case of clause (iii) below and in respect of any Guarantor incorporated or registered under the laws of Hong Kong, such longer period as is reasonably required following the Tranche B Funding Date):

(i) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received (A) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that the Security Documents that secure the obligations of the Borrowers under the Credit Agreement (including, for the avoidance of doubt, obligations of the Borrowers in respect of the Tranche B Loans) may continue in force and effect, confirmation that such Security Documents remain in full force and effect and (B) to the extent that the Global Collateral Agent has reasonably determined (based on the advice of counsel in each relevant jurisdiction) that amendments or replacements of the Security Documents that secure such obligations as of the Tranche B Funding Date are required in order to ensure that such obligations under the Credit Agreement and the Guarantors under the Guaranty are secured, then copies of each such required amended or replaced agreement, executed and delivered by a duly authorized signatory of each party thereto; provided that the parties hereto agree that no such confirmation, amendment or replacement will be necessary in respect of Security Documents governed by Japanese law;

(ii) the Global Collateral Agent and the Taiwan Collateral Agent, as applicable, shall have received the executed legal opinions of (A) special German counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent, (B) special Hong Kong counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (C) special Philippines counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (D) special Taiwan counsel to the Borrowers reasonably satisfactory to the Taiwan Collateral Agent, (E) special Taiwan counsel to the Taiwan Collateral Agent reasonably satisfactory to the Taiwan Collateral Agent, (F) special Thailand counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (G) special Singapore counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (H) special English counsel to the Global Collateral Agent reasonably satisfactory to the Global Collateral Agent, (I) special Arizona counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent and (J) special Netherlands counsel to the Borrowers reasonably satisfactory to the Global Collateral Agent in each case in substantially the same form and substance as provided under and in connection with the Credit Agreement or otherwise in form and substance reasonably satisfactory to Global Collateral Agent and the Taiwan Collateral Agent, as applicable, and, in each case, to the extent applicable to entities that are Credit Parties. The Borrowers hereby instruct counsel to deliver such legal opinions; and

(iii) NXP Semiconductors Singapore Pte. Ltd. shall progress the necessary “whitewash” procedures under Section 76 of the Companies Act

(Chapter 50 of Singapore) in Singapore. Once the necessary "whitewash" procedures are completed, the securities (referred to in clause (b) above) and the Guaranty granted by NXP Semiconductors Singapore Pte. Ltd. (pursuant to clause (a) above) will effectively secure all Secured Obligations in respect of liabilities or obligations.

The parties hereto agree that any failure to perform the undertakings in this Section 7 on the terms provided herein shall constitute an Event of Default under the Credit Agreement if such failure continues for 30 days after notice thereof by the Administrative Agent on behalf of the Lenders or the Required Lenders.

Section 8. *Certain Consequences Of Effectiveness.*

(a) Except as expressly set forth herein, all terms, conditions, covenants, representations and warranties contained in the Credit Agreement and the other Credit Documents and all rights of the Agents and the Lenders and all obligations of the Credit Parties, shall remain in full force and effect. Each Borrower hereby confirms that the Credit Agreement and the other Credit Documents are in full force and effect. Without limiting the foregoing and subject to confirmation of the satisfaction of the conditions subsequent set forth in Section 7 above by the Administrative Agent, the Global Collateral Agent and the Taiwan Collateral Agent, each Borrower hereby confirms that the Guaranty and the Security Documents to which it is a party, the guarantees by each Borrower set forth therein and all of the Collateral described therein do, and shall continue to, guarantee and secure the payment of all of the Obligations and Secured Obligations (as applicable and, in each case, as defined and subject to the limitations set forth therein and subject to Debtor Relief Laws and to general principles of equity) which shall include, on and after the Tranche B Funding Date, the obligations in respect of the Tranche B Loans.

(b) For all purposes of the Credit Agreement and all other Credit Documents, (i) this Agreement shall constitute a New Term Loan Joinder Agreement and a Credit Document, (ii) the Tranche B Commitments shall constitute New Term Loan Commitments, (iii) the Tranche B Lenders shall constitute New Term Loan Lenders and Lenders, (iv) the Tranche B Loan Repayment Amount shall constitute a Loan Repayment Amount, (v) the Tranche B Loan Repayment Date shall constitute a Loan Repayment Date, (vi) the Tranche B Maturity Date shall constitute a New Term Loan Maturity Date and a Maturity Date and (vii) the Tranche B Funding Date shall constitute an Increased Amount Date.

Section 9. *Tranche B Signing Date and Tranche B Effective Date.* This Agreement shall become legally binding on the parties hereto on the Tranche B Signing Date and shall become effective as a New Term Loan Joinder Agreement to the Credit Agreement on the Tranche B Effective Date.

Section 10 *Counterparts.* This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by facsimile or other electronic transmission), and all of said counterparts taken together shall be deemed to constitute one and the same instrument.

Section 11. *Governing Law.* THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

Section 12. *Waivers Of Jury Trial*. EACH BORROWER, THE ADMINISTRATIVE AGENT AND EACH TRANCHE B LENDER HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT AND FOR ANY COUNTERCLAIM THEREIN.

Section 13. *Costs And Expenses.* For the avoidance of doubt, Section 13.6 of the Credit Agreement shall apply to the payment of costs and expenses incurred in connection with this Agreement and any other documents prepared in connection therewith.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first above written.

NXP B.V.

By: _____
Name:
Title:

NXP FUNDING LLC

By: _____
Name:
Title:

[Signature Page to New Term Loan Joinder Agreement]

BARCLAYS BANK PLC, as Administrative Agent

By: _____
Name:
Title:

[Signature Page to New Term Loan Joinder Agreement]

MORGAN STANLEY SENIOR FUNDING, INC.,
as Tranche B Lender

By: _____
Name: Reagan Philipp
Title: Authorized Signatory

[Signature Page to New Term Loan Joinder Agreement]

BANK OF AMERICA, N.A., as Tranche B Lender

By: _____
Name:
Title:

[Signature Page to New Term Loan Joinder Agreement]

SCHEDULE 1.1(f)

TRANCHE B COMMITMENTS
(AS OF THE TRANCHE B SIGNING DATE)

Tranche B Lender	Tranche B Commitment
Morgan Stanley Senior Funding, Inc.	$ 285,000,000
Bank of America, N.A.	$ 190,000,000
Total	$ 475,000,000

EXHIBIT A

Guarantor Acknowledgement

ACKNOWLEDGEMENT

Reference is made to the New Term Loan Joinder Agreement (the "**Agreement**") dated February 16, 2012 relating to the Credit Agreement dated as of March 4, 2011, as amended by that certain Joinder and Amendment Agreement dated as of November 18, 2011 (as further amended, restated, supplemented or otherwise modified from time to time, the "**Credit Agreement**") among NXP B.V. with its corporate seat in Eindhoven, the Netherlands, NXP FUNDING LLC, the lending institutions from time to time parties thereto, Barclays Bank PLC, as Administrative Agent, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent. Unless otherwise specifically defined herein, each term used herein that is defined in the Agreement has the meaning assigned to such term in the Credit Agreement or the Agreement.

Each of the undersigned hereby consents to the foregoing Agreement, including without limitation the extension of the Tranche B Loans referred to therein, and hereby confirms and agrees that (a) notwithstanding the effectiveness of such Agreement, each Credit Document to which it is party is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects, except that, each reference in any Credit Document to the Credit Agreement, "thereof", "thereunder", "therein" and "thereby" and each other similar reference to the Credit Agreement contained therein shall, on and after the Tranche B Funding Date, refer to the Credit Agreement as amended by the Agreement and (b) the Guaranty and the Security Documents to which each of the undersigned is a party and all of the Collateral described therein do, and shall continue to, guarantee and secure the payment of all of the Obligations and the Secured Obligations (as applicable and, in each case, as defined and subject to the limitations set forth therein and in the Agreement) which shall include, on and after the Tranche B Funding Date, the obligations in respect of the Tranche B Loans.

IN WITNESS WHEREOF, the parties hereto have caused this Acknowledgement to be duly executed as of the date first above written.

[GUARANTORS]

By: _____
Name:
Title:

Exhibit 4.11

NXP B.V.
NXP FUNDING LLC
as Issuers

EACH OF THE GUARANTORS PARTY HERETO

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Trustee
and
as Paying Agent, Registrar, Transfer Agent and Calculation Agent

MORGAN STANLEY SENIOR FUNDING, INC.,
as Global Collateral Agent

and

MIZUHO CORPORATE BANK, LTD.,
as Taiwan Collateral Agent

Floating Rate Senior Secured Notes due 2016

SENIOR SECURED INDENTURE

Dated as of November 10, 2011

TABLE OF CONTENTS

INDENTURE dated as of November 10, 2011, among NXP B.V. (the "*Company*"), NXP Funding LLC (the "*Co-Issuer*" and, together with the Company, the "*Issuers*"), the Guarantors (as defined herein), Deutsche Bank Trust Company Americas, as trustee (the "*Trustee*") and as Paying Agent, Registrar, Transfer Agent and Calculation Agent (each as defined herein), Morgan Stanley Senior Funding, Inc., as global collateral agent (the "Global Collateral Agent"), and Mizuho Corporate Bank, Ltd., as Taiwan collateral agent (the "Taiwan Collateral Agent").

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' U.S. dollar-denominated Floating Rate Senior Secured Notes due 2016 issued on the date hereof in an aggregate principal amount of $534,584,000 (the "*Original Notes*") and (b) up to an additional $85,000,000 principal amount of securities having identical terms and conditions as the Original Notes to be issued on or before December 2, 2011 (the "*Additional Notes*"), subject to the conditions and in compliance with the covenants set forth herein. 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

"*2010 Issue Date*" means July 20, 2010.

"*2018 Notes*" means the U.S. dollar-denominated 9 3/4% Senior Secured Notes due 2018.

"*Acquired Indebtedness*" means Indebtedness (1) of a Person or any of its Subsidiaries existing at the time such Person becomes a Restricted Subsidiary, or (2) assumed in connection with the acquisition of assets from such Person, in each case whether or not Incurred by such Person in connection with such Person becoming a Restricted Subsidiary of the Company or such acquisition or (3) of a Person at the time such Person merges with or into or consolidates or otherwise combines with the Company or any Restricted Subsidiary. Acquired Indebtedness shall be deemed to have been Incurred, with respect to clause (1) of the preceding sentence, on the date such Person becomes a Restricted Subsidiary and, with respect to clause (2) of the preceding sentence, on the date of consummation of such acquisition of assets and, with respect to clause (3) of the preceding sentence, on the date of the relevant merger, consolidation or other combination.

"*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.

"*Additional Assets*" means:

(1) any property or assets (other than Indebtedness and Capital Stock) used or to be used by the Company, a Restricted Subsidiary or otherwise useful in a Similar Business (it being understood that capital expenditures on property or assets already used in Similar Business or to replace any property or assets that are the subject of such Asset Disposition shall be deemed an investment in Additional Assets);

(2) the Capital Stock of a Person that is engaged in a Similar Business and becomes a Restricted Subsidiary as a result of the acquisition of such Capital Stock by the Company or a Restricted Subsidiary of the Company; or

(3) Capital Stock constituting a minority interest in any Person that at such time is a Restricted Subsidiary of the Company.

"*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. For the avoidance of doubt, neither Philips nor any of its subsidiaries, joint ventures or operations shall be deemed to be an "Affiliate" of the Company or any Restricted Subsidiary due solely to its ownership of Voting Stock of the Company or the presence of its or their nominee on the Board of Directors of the Company, in each case at the percentage level disclosed in the Issuers' offering memorandum dated July 13, 2010 relating to the 2018 Notes.

"*Agreed Security Principles*" means the Agreed Security Principles as set out in Schedule 2.1, as applied reasonably and in good faith by the Company.

"*Asset Disposition*" means any direct or indirect sale, lease (other than an operating lease entered into in the ordinary course of business), transfer, issuance or other disposition, or a series of related sales, leases (other than operating leases entered into in the ordinary course of business), transfers, issuances or dispositions that are part of a common plan, of shares of Capital Stock of a Subsidiary (other than directors' qualifying shares), property or other assets (each referred to for the purposes of this definition as a "disposition") by the Company or any of its Restricted Subsidiaries, including any disposition by means of a merger, consolidation or similar transaction. Notwithstanding the preceding provisions of this definition, the following items shall not be deemed to be Asset Dispositions:

(1) a disposition by a Restricted Subsidiary to the Company or by the Company or a Restricted Subsidiary to a Restricted Subsidiary;

(2) a disposition of cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(3) a disposition of inventory or other assets in the ordinary course of business;

(4) a disposition of obsolete, surplus or worn out equipment or other assets or equipment or other assets that are no longer useful in the conduct of the business of the Company and its Restricted Subsidiaries;

(5) transactions permitted under Section 5.01 or a transaction that constitutes a Change of Control;

(6) an issuance of Capital Stock by a Restricted Subsidiary to the Company or to another Restricted Subsidiary or as part of or pursuant to an equity incentive or compensation plan approved by the Board of Directors;

(7) any dispositions of Capital Stock, properties or assets in a single transaction or series of related transactions with a fair market value (as determined in good faith by the Company) of less than €30.0 million;

(8) any Restricted Payment that is permitted to be made, and is made, under Section 4.06 and the making of any Permitted Payment or Permitted Investment or, solely for purposes of Section 4.09(a)(3), asset sales (other than sales of securities or indebtedness of SSMC so long as it is not a Restricted Subsidiary), the proceeds of which are used to make such Restricted Payments or Permitted Investments;

(9) dispositions in connection with Permitted Liens;

(10) dispositions of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;

(11) the licensing or sub-licensing of intellectual property or other general intangibles and licenses, sub-licenses, leases or subleases of other property, in each case, in the ordinary course of business;

(12) foreclosure, condemnation or any similar action with respect to any property or other assets;

(13) the sale or discount (with or without recourse, and on customary or commercially reasonable terms and for credit management purposes) of accounts receivable or notes receivable arising in the ordinary course of business, or the conversion or exchange of accounts receivable for notes receivable;

(14) any disposition of Capital Stock, Indebtedness or other securities of an Unrestricted Subsidiary (with the exception of (x) SSMC and (y) Investments in Unrestricted Subsidiaries acquired pursuant to clause (15) of the definition of Permitted Investments);

(15) any disposition of Capital Stock of a Restricted Subsidiary pursuant to an agreement or other obligation with or to a Person (other than the Company or a Restricted Subsidiary) from whom such Restricted Subsidiary was acquired, or from whom such Restricted Subsidiary acquired its business and assets (having been newly formed in connection with such acquisition), made as part of such acquisition and in each case comprising all or a portion of the consideration in respect of such sale or acquisition;

(16) any surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind;

(17) any disposition of assets to a Person who is providing services related to such assets, the provision of which have been or are to be outsourced by the Company or any Restricted Subsidiary to such Person; *provided, however*, that the Board of Directors shall certify that in the opinion of the Board of Directors, the outsourcing transaction will be economically beneficial to the Company and its Restricted Subsidiaries (considered as a whole); *provided, further*, that the fair market value of the assets disposed of, when taken together with all other dispositions made pursuant to this clause (17), does not exceed €50.0 million; and

(18) any disposition with respect to property built, owned or otherwise acquired by the Company or any Restricted Subsidiary pursuant to customary sale and lease-back transactions, asset securitizations and other similar financings permitted by this Indenture.

"*Associate*" means (i) any Person engaged in a Similar Business of which the Company or its Restricted Subsidiaries are the legal and beneficial owners of between 20% and 50% of all outstanding Voting Stock and (ii) any joint venture entered into by the Company or any Restricted Subsidiary of the Company.

"*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. For the purposes of the definition of Change of Control only, Board of Directors of the Company shall mean its supervisory board or its managing board. 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 Trans European Automated Real-time Gross Settlement Express Transfer ("TARGET") 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.

"*Cash Equivalents*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian governments, a member state of the European Union, Switzerland or Norway or, in each case, any agency or instrumentality of thereof (provided that the full faith and credit of such country or such member state is pledged in support thereof), having maturities of not more than two years from the date of acquisition;

(2) certificates of deposit, time deposits, eurodollar time deposits, overnight bank deposits or bankers' acceptances having maturities of not more than one year from the date of acquisition thereof issued by any lender party to the Senior Facilities Agreement or by any bank or trust company (a) whose commercial paper is rated at least "A-1" or the equivalent thereof by S&P or at least "P-1" or the equivalent thereof by Moody's (or if at the time neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) or (b) (in the event that the bank or trust company does not have commercial paper which is rated) having combined capital and surplus in excess of €500.0 million;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clauses (1) and (2) entered into with any bank meeting the qualifications specified in clause (2) above;

(4) commercial paper rated at the time of acquisition thereof at least "A 2" or the equivalent thereof by S&P or "P-2" or the equivalent thereof by Moody's or carrying an equivalent rating by a Nationally Recognized Statistical Rating Organization, if both of the two named rating agencies cease publishing ratings of investments or, if no rating is available in respect of the commercial paper, the issuer of which has an equivalent rating in respect of its long-term debt, and in any case maturing within one year after the date of acquisition thereof;

(5) readily marketable direct obligations issued by any state of the United States, any province of Canada, any member of the European Union, Switzerland

or Norway or any political subdivision thereof, in each case, having one of the two highest rating categories obtainable from either Moody's or S&P (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of not more than two years from the date of acquisition;

(6) Indebtedness or preferred stock issued by Persons with a rating of "BBB-" or higher from S&P or "Baa3" or higher from Moody's (or, if at the time, neither is issuing comparable ratings, then a comparable rating of another Nationally Recognized Statistical Rating Organization) with maturities of 12 months or less from the date of acquisition;

(7) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(8) interests in any investment company, money market or enhanced high yield fund which invests 95% or more of its assets in instruments of the type specified in clauses (1) through (7) above; and

(9) for purposes of clause (2) of the definition of "Asset Disposition", the marketable securities portfolio owned by the Company and its Subsidiaries on the 2010 Issue Date.

"*Change of Control*" means:

(1) the Company becomes aware of (by way of a report or any other filing pursuant to Section 13(d) of the Exchange Act, proxy, vote, written notice or otherwise) any "person" or "group" of related persons (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act as in effect on the 2010 Issue Date), other than one or more Permitted Holders, is or becomes the "beneficial owner" (as defined in Rules 13d-3 and 13d-5 under the Exchange Act as in effect on the 2010 Issue Date), directly or indirectly, of more than 50% of the total voting power of the Voting Stock of the Company, provided that for the purposes of this clause, (x) no Change of Control shall be deemed to occur by reason of the Company becoming a Subsidiary of a Successor Parent and (y) any Voting Stock of which any Permitted Holder is the "beneficial owner" (as so defined) shall not be included in any Voting Stock of which any such person or group is the "beneficial owner" (as so defined), unless that person or group is not an affiliate of a Permitted Holder and has greater voting power with respect to that Voting Stock;

(2) following the Initial Public Offering of the Company or any Parent, during any period of two consecutive years, individuals who at the beginning of such period constituted the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent (together with any new directors whose election by the majority of such directors on such Board of Directors of the Company or any Parent or whose nomination for election by shareholders of the Company or any Parent, as applicable, was approved by a vote of the

majority of such directors on the Board of Directors of the Company or any Parent then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) ceased for any reason to constitute the majority of the directors (excluding any employee representatives, if any) on the Board of Directors of the Company or any Parent, then in office; or

(3) the sale, lease, transfer, conveyance or other disposition (other than by way of merger, consolidation or other business combination transaction), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole to a Person, other than a Restricted Subsidiary or one or more Permitted Holders.

"*Code*" means the United States Internal Revenue Code of 1986, as amended.

"*Collateral*" shall have the meaning provided in any Security Document.

"*Collateral Agency Agreement*" means the Collateral Agency Agreement dated as of September 29, 2006 among the Collateral Agents, the Issuers, the Secured Parties and the Guarantors, as amended from time to time, and any additional agency agreement in respect of the Collateral that supplements or replaces such Collateral Agency Agreement, as amended from time to time.

"*Collateral Agent*" means the Global Collateral Agent or the Taiwan Collateral Agent or any additional or successor collateral agent or sub-agent.

"*Commodity Hedging Agreements*" means in respect of a Person any commodity purchase contract, commodity futures or forward contract, commodities option contract or other similar contract (including commodities derivative agreements or arrangements), to which such Person is a party or a beneficiary.

"*Consolidated EBITDA*" for any period means, without duplication, the Consolidated Net Income for such period, plus the following to the extent deducted in calculating such Consolidated Net Income:

(1) Fixed Charges and items (w), (x) and (y) in clause (1) of the definition of Consolidated Interest Expense;

(2) Consolidated Income Taxes;

(3) consolidated depreciation expense;

(4) consolidated amortization expense;

(5) 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 of the Company;

(6) any minority interest expense (whether paid or not) consisting of income attributable to minority equity interests of third parties in such period;

(7) the amount of management, monitoring, consulting and advisory fees and related expenses paid in such period to the Permitted Holders to the extent permitted by Section 4.10; and

(8) other non-cash charges, write downs or items reducing Consolidated Net Income (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 (excluding any such non-cash item of income to the extent it represents a receipt of cash in any future period).

Notwithstanding the foregoing, the provision for taxes and the depreciation, amortization, non-cash items, charges and write downs of a Restricted Subsidiary shall be added to Consolidated Net Income to compute Consolidated EBITDA only to the extent (and in the same proportion, including by reason of minority interests) that the net income (loss) of such Restricted Subsidiary was included in calculating Consolidated Net Income for the purposes of this definition.

"*Consolidated Income Taxes*" means 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 Restricted Subsidiaries whether or not paid, estimated, accrued or required to be remitted to any Governmental Authority.

"*Consolidated Interest Expense*" means, with respect to any Person for any period, without duplication, the sum of:

(1) consolidated interest expense of such Person and its Restricted Subsidiaries for such period, to the extent such expense was deducted (and not added back) in computing Consolidated Net Income (including (a) amortization of original issue discount resulting from the issuance of Indebtedness at less than par, (b) all commissions, discounts and other fees and charges owed with respect to letters of credit or bankers acceptances, (c) 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), (d) the interest component of Capitalized Lease Obligations, and (e) net payments, if any, pursuant to interest rate Hedging Obligations with respect to Indebtedness, and excluding (v) accretion or accrual of discounted liabilities other than Indebtedness, (w) any expense resulting from the discounting of any Indebtedness in connection with the application of purchase accounting in connection with any acquisition, (x) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (y) any expensing of bridge,

commitment and other financing fees, and (z) interest with respect to Indebtedness of any direct or indirect parent of such Person appearing upon the balance sheet of such Person solely by reason of push-down accounting under GAAP; plus

(2) consolidated capitalized interest of such Person and its Restricted Subsidiaries for such period, whether paid or accrued; less

(3) interest income for such period.

For purposes of this definition, interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by such Person to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP.

"*Consolidated Leverage*" means the sum of the aggregate outstanding Indebtedness of the Company and its Restricted Subsidiaries (excluding Hedging Obligations except to the extent provided in Section 4.05(g)(3)).

"*Consolidated Leverage Ratio*" means, as of any date of determination, the ratio of (x) Consolidated Leverage 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 Company 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 Restricted 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 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 Net Income shall be reduced by an amount equal to the Consolidated Net Income (if positive) attributable to such operations for such period or increased by an amount equal to the Consolidated Net Income (if negative) attributable thereto for such period;

(2) since the beginning of such period, the Company or any Restricted Subsidiary (by merger or otherwise) has made an Investment in any Person that thereby becomes a Restricted 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; and

(3) since the beginning of such period, any Person (that became a Restricted Subsidiary or was merged or otherwise combined with or into the Company or any Restricted 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 Restricted 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 definitions of Consolidated EBITDA, Consolidated Income Taxes, Consolidated Interest Expense and Consolidated Net Income, (a) calculations will be as determined in good faith by a responsible financial or chief accounting officer of the Company (including in respect of cost savings and synergies) and (b) in determining the amount of 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 Indebtedness as if such transaction had occurred on the first day of the relevant period.

"*Consolidated Net Income*" means, for any period, the net income (loss) of the Company and its Restricted Subsidiaries determined on a consolidated basis on the basis of GAAP; *provided, however*, that there will not be included in such Consolidated Net Income:

(1) subject to the limitations contained in clause (3) below, any net income (loss) of any Person if such Person is not a Restricted Subsidiary, except that the Company's equity in the net income of any such Person for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed by such Person during such period to the Company or a Restricted Subsidiary as a dividend or other distribution or return on investment or (except in the case of SSMC so long as it is not a Restricted Subsidiary, but applying this exception only for the purpose of determining the amount available for Restricted Payments (other than Restricted Investments) under Section 4.06(a)(z)(i)) could have been distributed, as reasonably determined by an Officer of the Company (subject, in the case of a dividend or other distribution or return on investment to a Restricted Subsidiary, to the limitations contained in clause (2) below);

(2) solely for the purpose of determining the amount available for Restricted Payments under Section 4.06(a)(z)(i), any net income (loss) of any Restricted Subsidiary (other than Guarantors) if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Company or a Guarantor by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders (other than (a) restrictions that have been waived or otherwise released, (b) restrictions pursuant to the Notes or this Indenture and (c) restrictions specified in Section 4.08(b)(11)(a)(i), except that the Company's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary

during such period to the Company or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);

(3) any net gain (or loss) realized upon the sale or other disposition of any asset or disposed operations of the Company or any Restricted Subsidiaries (including pursuant to any sale/leaseback transaction) which is not sold or otherwise disposed of in the ordinary course of business (as determined in good faith by an Officer or the Board of Directors of the Company);

(4) any extraordinary, exceptional, unusual or nonrecurring gain, loss or charge or any charges or reserves in respect of any restructuring, redundancy or severance expense;

(5) the cumulative effect of a change in accounting principles;

(6) 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;

(7) all deferred financing costs written off and premiums paid or other expenses incurred directly in connection with any early extinguishment of Indebtedness and any net gain (loss) from any write-off or forgiveness of Indebtedness;

(8) any unrealized gains or losses in respect of Hedging Obligations or any ineffectiveness recognized in earnings related to qualifying hedge transactions or the fair value of changes therein recognized in earnings for derivatives that do not qualify as hedge transactions, in each case, in respect of Hedging Obligations;

(9) any unrealized foreign currency transaction gains or losses in respect of Indebtedness of any Person denominated in a currency other than the functional currency of such Person and any unrealized foreign exchange gains or losses relating to translation of assets and liabilities denominated in foreign currencies;

(10) any unrealized foreign currency translation or transaction gains or losses in respect of Indebtedness or other obligations of the Issuer or any Restricted Subsidiary owing to the Issuer or any Restricted Subsidiary;

(11) 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 Restricted Subsidiaries), as a result of any consummated acquisition (including in connection with the sale by Philips of 80.1% of its semiconductor business to the other Initial Investors), or the amortization or write-off of any amounts thereof (including any write-off of in process research and development);

(12) any goodwill or other intangible asset impairment charge or write-off;

(13) solely for the purpose of determining the amount available for Restricted Investments (but not other Restricted Payments) under Section 4.06(a)(z)(i), (i) only to the extent not otherwise added back to Consolidated Net Income, depreciation and amortization expense to the extent in excess of capital expenditures on property, plant and equipment and (ii) Consolidated Income Taxes to the extent in excess of cash payments made in respect of such Consolidated Income Taxes; and

(14) the impact of capitalized, accrued or accreting or pay-in-kind interest or principal on Subordinated Shareholder Funding.

"*Consolidated Secured Leverage Ratio*" means the Consolidated Leverage Ratio, but (x) calculated by excluding all Indebtedness other than Secured Indebtedness (except Secured Indebtedness Incurred pursuant to Section 4.05(b)(13) and secured only by assets in the applicable jurisdiction but, for the avoidance of doubt, including Indebtedness secured by Liens permitted under clause (21) of the definition of "Permitted Liens") and (y) calculating Consolidated EBITDA for the purposes of such definition as though (i) consolidated depreciation expense included such expense of the Company and its consolidated subsidiaries attributable to SSMC and Jilin and (ii) consolidated amortization expense included such expense of the Company and its consolidated Subsidiaries attributable to SSMC and Jilin.

"*Contingent Obligations*" means, with respect to any Person, any obligation of such Person guaranteeing in any manner, whether directly or indirectly, any operating lease, dividend or other obligation that does not constitute Indebtedness ("*primary obligations*") of any other Person (the "*primary obligor*"), including any obligation of such Person, whether or not contingent:

(1) to purchase any such primary obligation or any property constituting direct or indirect security therefor;

(2) to advance or supply funds:

(a) for the purchase or payment of any such primary obligation; or

(b) to maintain the working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency of the primary obligor; or

(3) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation against loss in respect thereof.

"*Credit Facility*" means, with respect to the Company or any of its Subsidiaries, one or more debt facilities, indentures or other arrangements (including the Senior Facilities Agreement, 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 Senior Facilities 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.

"*Currency Agreement*" means in respect of a Person any foreign exchange contract, currency swap agreement, currency futures contract, currency option contract, currency derivative or other similar agreement to which such Person is a party or beneficiary.

"*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).

"*Deemed Interest Payments*" means the amount of interest payments, as determined by the Issuers (in consultation with the Paying Agent) as of the relevant date, using an interest rate equal to 5.50% plus the six-month forward LIBOR for U.S. dollars as reported by Bloomberg L.P.'s page "BBA Libor USD 6 Month (US006M:IND)" (or its equivalent successor if such page is not available).

"*Default*" means any event which is, or after notice or passage of time or both would be, an Event of Default.

"*Designated Non-Cash Consideration*" means the fair market value (as determined in good faith by the Company) of non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Disposition that is so designated as Designated Non-Cash Consideration pursuant to an Officer's Certificate, setting forth the basis of such valuation, less the amount of cash, Cash Equivalents or Temporary Cash Investments received in connection with a subsequent payment, redemption, retirement, sale or other disposition of such Designated Non-Cash Consideration. A particular item of Designated Non-Cash

Consideration will no longer be considered to be outstanding when and to the extent it has been paid, redeemed or otherwise retired or sold or otherwise disposed of in compliance with Section 4.09.

"*Designated Preference Shares*" means, with respect to the Company or any Parent, Preferred Stock (other than Disqualified Stock) (a) that is issued for cash (other than to the Company or a Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any such Subsidiary for the benefit of their employees to the extent funded by the Company or such Subsidiary) and (b) that is designated as "Designated Preference Shares" pursuant to an Officer's Certificate of the Company at or prior to the issuance thereof, the Net Cash Proceeds of which are excluded from the calculation set forth in Section 4.06(a)(z)(ii).

"*Disinterested Director*" means, with respect to any Affiliate Transaction, a member of the Board of Directors of the Company having no material direct or indirect financial interest in or with respect to such Affiliate Transaction. A member of the Board of Directors of the Company shall be deemed not to have such a financial interest by reason of such member's holding Capital Stock of the Company or any Parent or any options, warrants or other rights in respect of such Capital Stock.

"*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 Restricted 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 (i) 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 and (ii) any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or asset sale (howsoever defined or referred to) shall not constitute Disqualified Stock if any such redemption or repurchase obligation is subject to compliance by the relevant Person with Section 4.06.

"*DTC*" means The Depository Trust Company or any successor securities clearing agency.

"*Enforcement Event*" means (a) the occurrence of a Default, Event of Default or termination event (however described) under any Note Document or any Senior Finance Document in respect of which notice of acceleration of amounts outstanding under such Note Document or such Senior Finance Document has been given by the relevant secured party or (b) amounts outstanding under such Note Document or such Senior Finance Document have otherwise become due and payable prior to the scheduled maturity thereof (but not, in the case of this clause (b), due to any optional redemption or to a Change of Control or Asset Disposition).

"*Equity Offering*" means (x) a sale of Capital Stock of the Company (other than Disqualified Stock) other than offerings registered on Form S-8 (or any successor form) under the Securities Act or any similar offering in other jurisdictions, or (y) the sale of Capital Stock or other securities, the proceeds of which are contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company or any of its Restricted Subsidiaries.

"*Escrowed Proceeds*" means the proceeds from the offering of any debt securities or other Indebtedness paid into an escrow account with an independent escrow agent on the date of the applicable offering or Incurrence pursuant to escrow arrangements that permit the release of amounts on deposit in such escrow account upon satisfaction of certain conditions or the occurrence of certain events. The term "*Escrowed Proceeds*" shall include any interest earned on the amounts held in escrow.

"*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 the Company) 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.

"*Excluded Contribution*" means Net Cash Proceeds or property or assets received by the Company as capital contributions to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company after the 2010 Issue Date or from the issuance or sale (other than to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company, in each case, to the extent designated as an Excluded Contribution pursuant to an Officer's Certificate of the Company.

"*Existing Secured Notes*" means the euro-denominated floating rate senior secured notes due October 15, 2013, the U.S. dollar-denominated floating rate senior secured notes due October 15, 2013 and the 2018 Notes outstanding on the Issue Date.

"*Existing Unsecured Notes*" means the euro-denominated 8 5/8% senior notes due October 15, 2015 and the U.S. dollar-denominated 9 1/2% senior notes due October 15, 2015 outstanding on the Issue Date.

"*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.

"*Fixed Charge Coverage Ratio*" means, with respect to any Person on any determination date, the ratio of Consolidated EBITDA of such Person for the most recent four consecutive fiscal quarters ending immediately prior to such determination date for which internal consolidated financial statements are available to the Fixed Charges of such Person for four consecutive fiscal quarters. In the event that the Company or any Restricted Subsidiary incurs, assumes, guarantees, redeems, defeases, retires or extinguishes any Indebtedness (other than Indebtedness incurred under any revolving credit facility unless such Indebtedness has been permanently repaid and has not been replaced) or issues or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated but prior to or simultaneously with the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "*Fixed Charge Coverage Ratio Calculation Date*"), then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect to such Incurrence, assumption, guarantee, redemption, defeasance, retirement or extinguishment of Indebtedness, or such issuance or redemption of Disqualified Stock or Preferred Stock, as if the same had occurred at the beginning of the applicable four-quarter period.

For purposes of making the computation referred to above, any Investment, acquisitions, dispositions, mergers, consolidations and disposed operations that have been made by the Company or any of its Restricted Subsidiaries during the four-quarter reference period or subsequent to such reference period and on or prior to or simultaneously with the Fixed Charge Coverage Ratio Calculation Date shall be calculated on a pro forma basis assuming that all such Investments, acquisitions, dispositions, mergers, consolidations and disposed or discontinued operations (and the change in any associated fixed charge obligations and the change in Consolidated EBITDA resulting therefrom) had occurred on the first day of the four-quarter reference period. If since the beginning of such period any Person that subsequently became a Restricted Subsidiary or was merged with or into the Company or any of its Restricted Subsidiaries since the beginning of such period shall have made any Investment, acquisition, disposition, merger, consolidation or disposed or discontinued operation that would have required adjustment pursuant to this definition, then the Fixed Charge Coverage Ratio shall be calculated giving pro forma effect thereto for such period as if such Investment, acquisition, disposition, merger, consolidation or disposed operation had occurred at the beginning of the applicable four-quarter period.

For purposes of this definition, whenever pro forma effect is to be given to a transaction, the pro forma calculations shall be made in good faith by a responsible financial or chief accounting officer of the Company (including cost savings and synergies). If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the Fixed Charge Coverage Ratio

Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligations applicable to such Indebtedness). Interest on a Capitalized Lease Obligation shall be deemed to accrue at an interest rate reasonably determined by a responsible financial or accounting officer of the Company to be the rate of interest implicit in such Capitalized Lease Obligation in accordance with GAAP. For purposes of making the computation referred to above, interest on any Indebtedness under a revolving credit facility computed with a pro forma basis shall be computed based upon the average daily balance of such Indebtedness during the applicable period except as set forth in the first paragraph of this definition. Interest on Indebtedness that may optionally be determined at an interest rate based upon a factor of a prime or similar rate, a eurocurrency interbank offered rate, or other rate, shall be determined to have been based upon the rate actually chosen, or if none, then based upon such optional rate chosen as the Company may designate.

"*Fixed Charges*" means, with respect to any Person for any period, the sum of:

(1) Consolidated Interest Expense of such Person for such period;

(2) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Preferred Stock during such period; and

(3) all cash dividends or other distributions paid (excluding items eliminated in consolidation) on any series of Disqualified Stock during this period.

"*Floating Rate Applicable Premium*" means the greater of (A) 1% of the principal amount of the applicable Note and (B) the excess (to the extent positive) of:

(1) the present value at such redemption date of (i) 100% of the principal amount of the Original Note, plus (ii) the relevant Deemed Interest Payments due on the Original Note from the commencement of the current interest period to and including November 15, 2013 (excluding accrued but unpaid interest), computed upon the redemption date using a discount rate equal to the Treasury Rate at such redemption date plus 50 basis points; over

(2) the outstanding principal amount of such Original Note,

as calculated by the Issuers or on behalf of the Issuers by such Person as the Issuers shall designate.

"*GAAP*" means generally accepted accounting principles in the United States 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 2010 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 2010 Issue Date, the Company may elect to apply 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 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 requires 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 and Section 4.11 of this Indenture, in IFRS. The Company shall give notice of any such election made in accordance with this definition to the Trustee and the Holders.

"*Global Collateral Agent*" means Morgan Stanley Senior Funding, Inc. and any successor acting in that role.

"*Government Obligations*" means the U.S. Government Obligations.

"*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 Restricted Subsidiary that Guarantees the Notes.

"*Hedging Obligations*" of any Person means the obligations of such Person pursuant to any Interest Rate Agreement, Currency Agreement or Commodity Hedging Agreement (each, a "*Hedging Agreement*").

"*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.

"*Holdings*" means NXP Semiconductors N.V. and its successors and assigns.

"*Immaterial Subsidiary*" means any Restricted Subsidiary that (i) has not guaranteed any other Indebtedness of either Issuer and (ii) has Total Assets (as determined in accordance with GAAP) and Consolidated EBITDA of less than 2.5% (in the case of any Subsidiary organized in France existing on the Original Issue Date, 3.5%) of the Company's Total Assets and Consolidated EBITDA (measured, in the case of Total Assets, at the end of the most recent fiscal period for which internal financial statements are available and, in the case of Consolidated EBITDA, for the four quarters ended most recently for which internal financial statements are available, in each case measured on a pro forma basis giving effect to any acquisitions or dispositions of companies, division or lines of business since such balance sheet date or the start of such four quarter period, as applicable, and on or prior to the date of acquisition of such subsidiary.

"*Incur*" means issue, create, assume, enter into any Guarantee of, incur, extend or otherwise become liable for; *provided*, *however*, that any Indebtedness or Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (whether by merger, consolidation, acquisition or otherwise) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary 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);

(4) the principal component of all obligations of such Person to pay the deferred and unpaid purchase price of property (except trade payables), 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 or, with respect to any Restricted Subsidiary, any Preferred Stock (but excluding, in each case, 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 in good faith by the Company) 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 Currency Agreements and Interest Rate Agreements (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 Subordinated Shareholder Funding or any lease, concession or license of property (or Guarantee thereof) which would be considered an operating lease under GAAP as in effect on the 2010 Issue Date, 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 2010 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 or 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 or any Restricted Subsidiary 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.

"*Independent Financial Advisor*" means an investment banking or accounting firm of international standing or any third party appraiser of international standing; provided, however, that such firm or appraiser is not an Affiliate of the Company.

"*Initial Investors*" means:

(1) KKR European Fund II, Limited Partnership, Bain Capital Fund IX, L.P., Bain Capital Fund VIII-E, L.P., Silver Lake Partners II Cayman, L.P., Apax Europe V-A, L.P., Apax Europe VI-A, L.P., AlpInvest Partners CS Investments 2006 C.V. and funds or partnerships related, managed or advised by any of them or any Affiliate of them; and

(2) Koninklijke Philips Electronics N.V. and its Subsidiaries.

"*Initial Public Offering*" means an Equity Offering of common stock or other common equity interests of the Company or any Parent or any successor of the Company or any Parent (the "IPO Entity") following which there is a Public Market and, as a result of which, the shares of common stock or other common equity interests of the IPO Entity in such offering are listed on an internationally recognized exchange or traded on an internationally recognized market.

"*Interest Rate Agreement*" means with respect to any Person any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement or other similar agreement or arrangement to which such Person is party or a beneficiary.

"*Investment*" means, with respect to any Person, all investments by such Person in other Persons (including Affiliates) in the form of any direct or indirect advance, loan or other extensions of credit (other than advances or extensions of credit to customers, suppliers, directors, officers or employees of any Person in the ordinary course of business, and excluding any debt or extension of credit represented by a bank deposit other than a time deposit) or capital contribution to (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), or the Incurrence of a Guarantee of any obligation of, or any purchase or acquisition of Capital Stock, Indebtedness or other similar instruments issued by, such other Persons and all other items that are or would be classified as investments on a balance sheet prepared on the basis of GAAP; provided, however, that endorsements of negotiable instruments and documents in the ordinary course of business will not be deemed to be an Investment. If the Company or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Person that is a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Company or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at such time.

For purposes of Section 4.06:

(1) "*Investment*" will include the portion (proportionate to the Company's equity interest in a Restricted Subsidiary to be designated as an Unrestricted Subsidiary) of the fair market value of the net assets of such Restricted Subsidiary of the

Company at the time that such Restricted Subsidiary is designated an Unrestricted Subsidiary; *provided, however*, that upon a redesignation of such Subsidiary as a Restricted Subsidiary, the Company will be deemed to continue to have a permanent "*Investment*" in an Unrestricted Subsidiary in an amount (if positive) equal to (a) the Company's "*Investment*" in such Subsidiary at the time of such redesignation less (b) the portion (proportionate to the Company's equity interest in such Subsidiary) of the fair market value of the net assets (as conclusively determined by the Board of Directors of the Company in good faith) of such Subsidiary at the time that such Subsidiary is so re-designated a Restricted Subsidiary; and

(2) any property transferred to or from an Unrestricted Subsidiary will be valued at its fair market value at the time of such transfer, in each case as determined in good faith by the Board of Directors of the Company.

The amount of any Investment outstanding at any time shall be the original cost of such Investment, reduced (at the Company's option) by any dividend, distribution, interest payment, return of capital, repayment or other amount or value received in respect of such Investment.

"*Investment Grade*" means (i) "BBB-" or higher by S&P; (ii) "Baa3" or higher by Moody's, or (iii) the equivalent of such ratings by S&P or Moody's, or of another Nationally Recognized Statistical Ratings Organization.

"*Investment Grade Securities*" means:

(1) securities issued or directly and fully Guaranteed or insured by the United States or Canadian government or any agency or instrumentality thereof (other than Cash Equivalents);

(2) securities issued or directly and fully guaranteed or insured by a member of the European Union, or any agency or instrumentality thereof (other than Cash Equivalents);

(3) debt securities or debt instruments with a rating of "A—" or higher from S&P or "A3" or higher by Moody's or the equivalent of such rating by such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization, but excluding any debt securities or instruments constituting loans or advances among the Company and its Subsidiaries; and

(4) investments in any fund that invests exclusively in investments of the type described in clauses (1), (2) and (3) above which fund may also hold cash and Cash Equivalents pending investment or distribution.

"*Investment Grade Status*" shall occur when the Notes receive both of the following:

(1) a rating of "BBB–" or higher from S&P; and

(2) a rating of "Baa3" or higher from Moody's;

or the equivalent of such rating by either such rating organization or, if no rating of Moody's or S&P then exists, the equivalent of such rating by any other Nationally Recognized Statistical Ratings Organization.

"*IPO Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity at the time of closing of the Initial Public Offering multiplied by (ii) the price per share at which such shares of common stock or common equity interests are sold in such Initial Public Offering.

"*Issue Date*" means November 10, 2011.

"*Jilin*" means Jilin NXP Semiconductors Ltd. (formerly known as Philips Jilin Semiconductor Company) or any successor entity or business thereto.

"*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).

"*Management Advances*" means loans or advances made to, or Guarantees with respect to loans or advances made to, directors, officers, employees or consultants of any Parent, the Company or any Restricted Subsidiary:

(1) (a) in respect of travel, entertainment or moving related expenses Incurred in the ordinary course of business or (b) for purposes of funding any such person's purchase of Capital Stock or Subordinated Shareholder Funding (or similar obligations) of the Company, its Subsidiaries or any Parent with (in the case of this sub-clause (b)) the approval of the Board of Directors;

(2) in respect of moving related expenses Incurred in connection with any closing or consolidation of any facility or office; or

(3) not exceeding €5.0 million in the aggregate outstanding at any time.

"*Management Investors*" means the officers, directors, employees and other members of the management of or consultants to any Parent, the Company or any of their respective Subsidiaries, or spouses, family members or relatives thereof, or any trust, partnership or other entity for the benefit of or the beneficial owner of which (directly or indirectly) is any of the foregoing, or any of their heirs, executors, successors and legal representatives, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company, any Restricted Subsidiary or any Parent.

"*Market Capitalization*" means an amount equal to (i) the total number of issued and outstanding shares of common stock or common equity interests of the IPO Entity on the date of the declaration of the relevant dividend multiplied by (ii) the arithmetic mean of the closing prices per share of such common stock or common equity interests for the 30 consecutive trading days immediately preceding the date of declaration of such dividend.

"*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 Rule 436 under the Securities Act.

"*Net Available Cash*" from an Asset Disposition means cash payments received (including any cash payments received by way of deferred payment of principal pursuant to a note or installment receivable or otherwise and net proceeds from the sale or other disposition of any securities received as consideration, but only as and when received, but excluding any other consideration received in the form of assumption by the acquiring person of Indebtedness or other obligations relating to the properties or assets that are the subject of such Asset Disposition or received in any other non-cash form) therefrom, in each case net of:

(1) all legal, accounting, investment banking, title and recording tax expenses, commissions and other fees and expenses Incurred, and all Taxes paid or required to be paid or accrued as a liability under GAAP (after taking into account any available tax credits or deductions and any tax sharing agreements), as a consequence of such Asset Disposition;

(2) all payments made on any Indebtedness which is secured by any assets subject to such Asset Disposition, in accordance with the terms of any Lien upon such assets, or which by applicable law be repaid out of the proceeds from such Asset Disposition;

(3) all distributions and other payments required to be made to minority interest holders (other than any Parent, the Company or any of their respective Subsidiaries) in Subsidiaries or joint ventures as a result of such Asset Disposition; and

(4) the deduction of appropriate amounts required to be provided by the seller as a reserve, on the basis of GAAP, against any liabilities associated with the assets disposed of in such Asset Disposition and retained by the Company or any Restricted Subsidiary after such Asset Disposition.

"*Net Cash Proceeds*," with respect to any issuance or sale of Capital Stock or Subordinated Shareholder Funding, means the cash proceeds of such issuance or sale net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, listing fees, discounts or commissions and brokerage, consultant and other fees and charges actually Incurred in connection with such issuance or sale and net of taxes paid or payable as a result of such issuance or sale (after taking into account any available tax credit or deductions and any tax sharing arrangements).

"*Note Documents*" means the Notes (including Additional Notes), the Security Documents and this Indenture.

"*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 counsel may be an employee of or counsel to the Company or its Subsidiaries.

"*Original Issue Date*" means October 12, 2006.

"*Parallel Debt*" means, in relation to an Underlying Debt, an obligation to pay to the Global Collateral Agent an amount equal to (and in the same currency as) the amount of that Underlying Debt outstanding from time to time.

"*Parent*" means any Person of which the Company at any time is or becomes a Subsidiary after the 2010 Issue Date and any holding companies established by any Permitted Holder for purposes of holding its investment in any Parent.

"*Parent Expenses*" means:

(1) costs (including all professional fees and expenses) Incurred by any Parent in connection with reporting obligations under or otherwise Incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, this Indenture or any other agreement or instrument relating to Indebtedness of the Company or any Restricted Subsidiary, including in respect of any reports filed with respect to the Securities Act, Exchange Act or the respective rules and regulations promulgated thereunder;

(2) customary indemnification obligations of any Parent owing to directors, officers, employees or other Persons under its charter or by-laws or pursuant to written agreements with any such Person to the extent relating to the Company and its Subsidiaries;

(3) obligations of any Parent in respect of director and officer insurance (including premiums therefor) to the extent relating to the Company and its Subsidiaries;

(4) general corporate overhead expenses, including professional fees and expenses and other operational expenses of any Parent related to the ownership or operation of the business of the Company or any of its Restricted Subsidiaries;

(5) other fees, expenses and costs relating directly or indirectly to activities of the Company and its Subsidiaries in an amount not to exceed €5.0 million in any fiscal year; and

(6) expenses Incurred by any Parent in connection with any public offering or other sale of Capital Stock or Indebtedness:

(x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Company or a Restricted Subsidiary,

(y) in a pro-rated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed, or

(z) otherwise on an interim basis prior to completion of such offering so long as any Parent shall cause the amount of such expenses to be repaid to the Company or the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed.

"*Pari Passu Indebtedness*" means Indebtedness of the Company (other than Indebtedness of the Company pursuant to the Senior Facilities Agreement or the Super Priority Notes) or any Guarantor if such Guarantee ranks equally in right of payment to the Guarantees of the Notes which, in each case, is secured by Liens on assets of the Company ranking at least equally with those in favor of the Notes.

"*Paying Agent*" means any Person authorized by the Issuers to pay the principal of (and premium, if any) or interest on any Note on behalf of the Issuers.

"*Permitted Asset Swap*" means the concurrent purchase and sale or exchange of assets used or useful in a Similar Business or a combination of such assets and cash, Cash Equivalents or Temporary Cash Investments between the Company or any of its Restricted Subsidiaries and another Person; provided that any cash or Cash Equivalents received in excess of the value of any cash or Cash Equivalents sold or exchanged must be applied in accordance with Section 4.09.

"*Permitted Collateral Liens*" means (x) Liens on the Collateral (i) arising by operation of law that are described in one or more of clauses (3), (4) and (9) of the definition of "Permitted Liens" and that, in each case, would not materially interfere with the ability of the Collateral Agents to enforce the security interest in the Collateral or (ii) that are Liens in Secured Accounts equally and ratably granted to cash management banks securing cash management obligations, (y) Liens on the Collateral to secure Indebtedness of the Company or a Restricted Subsidiary that is permitted to be Incurred under Sections 4.05(b)(1), 4.05(b)(2) (in the case of Section 4.05(b)(2), to the extent such Guarantee is in respect of Indebtedness otherwise permitted to be secured and specified in this definition of Permitted Collateral Liens), Section 4.05(b)(4)(a) and (c) (if the original Indebtedness was so secured), Section 4.05(b)(6), 4.05(b)(11) or 4.05(b)(13) (secured only by assets in the applicable jurisdiction) and any Refinancing Indebtedness in respect of such Indebtedness; *provided*, *however*, that such Lien ranks (a) equal to all other Liens on such Collateral securing Indebtedness of the Company or such Restricted Subsidiary, as applicable (except that a Lien in favor of Indebtedness incurred under Section 4.05(b)(1) and obligations under Hedging Agreements provided by the lenders under the Senior Facilities Agreement or their affiliates may have super priority not materially less favorable to the Holders than that accorded to the Super Priority Notes and the Senior Facilities Agreement on the 2010

Issue Date) and (z) Liens on the Collateral securing Indebtedness incurred under Sections 4.05(a) and 4.05(b)(12); provided that, in the case of this clause (z), after giving effect to such incurrence on that date, the Consolidated Secured Leverage Ratio is less than 3.25:1.

"*Permitted Holders*" means, collectively, (1) the Initial Investors and any one or more Persons whose beneficial ownership constitutes or results in a Change of Control in respect of which a Change of Control Offer is made in accordance with the requirements of this Indenture, (2) Senior Management and (3) any Person who is acting as an underwriter in connection with a public or private offering of Capital Stock of any Parent or the Company, acting in such capacity.

"*Permitted Investment*" means (in each case, by the Company or any of its Restricted Subsidiaries):

(1) Investments in (a) a Restricted Subsidiary (including the Capital Stock of a Restricted Subsidiary) or the Company or (b) a Person (including the Capital Stock of any such Person) that is engaged in any Similar Business and such Person will, upon the making of such Investment, become a Restricted Subsidiary;

(2) Investments in another Person if such Person is engaged in any Similar Business and as a result of such Investment such other Person is merged, consolidated or otherwise combined with or into, or transfers or conveys all or substantially all its assets to, the Company or a Restricted Subsidiary;

(3) Investments in cash, Cash Equivalents, Temporary Cash Investments or Investment Grade Securities;

(4) Investments in receivables owing to the Company or any Restricted Subsidiary created or acquired in the ordinary course of business;

(5) Investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(6) Management Advances;

(7) Investments in Capital Stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Company or any Restricted Subsidiary, or as a result of foreclosure, perfection or enforcement of any Lien, or in satisfaction of judgments or pursuant to any plan of reorganization or similar arrangement including upon the bankruptcy or insolvency of a debtor;

(8) Investments made as a result of the receipt of non-cash consideration from a sale or other disposition of property or assets, including an Asset Disposition (but excluding a Permitted Asset Swap), in each case, that was made in compliance with Section 4.09;

(9) Investments in existence on, or made pursuant to legally binding commitments in existence on, the 2010 Issue Date (not exceeding €5.0 million);

(10) Currency Agreements, Interest Rate Agreements, Commodity Hedging Agreements and related Hedging Obligations, which transactions or obligations are Incurred in compliance with Section 4.05;

(11) Investments, taken together with all other Investments made pursuant to this clause (11) and at any time outstanding, in an aggregate amount at the time of such Investment not to exceed €300.0 million less the amount invested in Trident on or after the Original Issue Date and prior to the 2010 Issue Date; *provided* that, if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary and such Person subsequently becomes a Restricted Subsidiary or is subsequently designated a Restricted Subsidiary pursuant to Section 4.06, such Investment shall thereafter be deemed to have been made pursuant to clause (1) or (2) of the definition of "Permitted Investments" and not this clause;

(12) pledges or deposits with respect to leases or utilities provided to third parties in the ordinary course of business or Liens otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under Section 4.07;

(13) any Investment to the extent made using Capital Stock of the Company (other than Disqualified Stock) or Capital Stock of any Parent as consideration;

(14) any transaction to the extent constituting an Investment that is permitted and made in accordance with the provisions of Section 4.10(b) (except those described in Section 4.10(b)(1), 4.10(b)(3), 4.10(b)(6), 4.10(b)(8), 4.10(b)(9) or 4.10(b)(12));

(15) Investments consisting of purchases and acquisitions of inventory, supplies, materials and equipment or licenses or leases of intellectual property, in any case, in the ordinary course of business and in accordance with this Indenture;

(16) Guarantees not prohibited by Section 4.05 and (other than with respect to Indebtedness) guarantees, keepwells and similar arrangements in the ordinary course of business.

(17) Investments (a) in SSMC to increase the Company's percentage ownership thereof; *provided* that, after giving effect to such Investment, the Company is able to incur €1.00 of Indebtedness under Section 4.05(a) or (b) in SSMC or any other Person partially financed by a Singapore government agency (or another project finance with a local or multilateral Governmental Authority) in an aggregate amount under this clause (b) not to exceed €300.0 million;

(18) Loans to Jilin on terms consistent with past practices between Jilin and Philips, not to exceed €25.0 million at any one time outstanding; and

(19) Investments in research and development programs to fund research and development activities and maintenance capital expenditures in an aggregate amount not to exceed €290.0 million plus €50.0 million per annum thereafter (with a

carry over of unused amounts) less any amounts invested on or after the Original Issue Date and prior to the 2010 Issue Date pursuant to comparable provisions of the Existing Secured Notes.

"*Permitted Liens*" means, with respect to any Person:

(1) Liens on assets or property of a Restricted Subsidiary that is not a Guarantor securing Indebtedness of any Restricted Subsidiary that is not a Guarantor;

(2) 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;

(3) 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;

(4) 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;

(5) 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 Restricted Subsidiary in the ordinary course of its business;

(6) 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 Restricted 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 Restricted Subsidiaries;

(7) Liens on assets or property of the Company or any Restricted Subsidiary securing Hedging Obligations permitted under this Indenture;

(8) 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;

(9) 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;

(10) Liens on assets or property of the Company or any Restricted Subsidiary for the purpose of securing Capitalized Lease Obligations or Purchase Money Obligations, or securing the payment of all or a part of the purchase price of, or securing other Indebtedness Incurred to finance or refinance the acquisition, improvement or construction of, assets or property acquired or constructed in the ordinary course of business; *provided* that (a) the aggregate principal amount of Indebtedness secured by such Liens is otherwise permitted to be Incurred under this Indenture and (b) any such Lien may not extend to any assets or property of the Company or any Restricted Subsidiary other than assets or property acquired, improved, constructed or leased with the proceeds of such Indebtedness and any improvements or accessions to such assets and property;

(11) 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 depositary or financial institution;

(12) 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 Restricted Subsidiaries in the ordinary course of business;

(13) Liens existing on the 2010 Issue Date, excluding Liens securing the Super Priority Notes, the Existing Secured Notes and the Senior Facilities Agreement and the Notes;

(14) Liens on property, other assets or shares of stock of a Person at the time such Person becomes a Restricted Subsidiary (or at the time the Company or a Restricted 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 Restricted Subsidiary); provided, however, that such Liens are not created, Incurred or assumed in anticipation of or in connection with such other Person becoming a Restricted 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;

(15) Liens on assets or property of the Company or any Restricted Subsidiary securing Indebtedness or other obligations of the Company or such Restricted Subsidiary owing to the Company or another Restricted Subsidiary, or Liens in favor of the Company or any Restricted Subsidiary;

(16) Liens (other than Permitted Collateral Liens) securing Refinancing Indebtedness Incurred to refinance Indebtedness that was previously so secured, and permitted to be secured under this Indenture; *provided* that any such Lien is limited to all or part of the same property or assets (plus improvements, accessions, proceeds or dividends or distributions in respect thereof) that secured (or, under the written arrangements under which the original Lien arose, could secure) the Indebtedness being refinanced or is in respect of property that is or could be the security for or subject to a Permitted Lien hereunder;

(17) any interest or title of a lessor under any Capitalized Lease Obligation or operating lease;

(18) (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 Restricted 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;

(19) 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;

(20) 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;

(21) Liens on cash accounts securing Indebtedness incurred under Section 4.05(b)(11) with local financial institutions;

(22) Liens on Escrowed Proceeds for the benefit of the related holders of debt securities or other Indebtedness (or the underwriters or arrangers thereof) or on cash set aside at the time of the Incurrence of any Indebtedness or government securities purchased with such cash, in either case to the extent such cash or government securities prefund the payment of interest on such Indebtedness and are held in an escrow account or similar arrangement to be applied for such purpose;

(23) 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 arrangements;

(24) 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;

(25) Liens Incurred in the ordinary course of business with respect to obligations (other than Indebtedness for borrowed money) which do not exceed €50 million at any one time outstanding;

(26) Permitted Collateral Liens;

(27) Liens on Capital Stock or other securities or assets of any Unrestricted Subsidiary that secure Indebtedness of such Unrestricted Subsidiary; and

(28) any security granted over the marketable securities portfolio described in clause (9) of the definition of "Cash Equivalents" in connection with the disposal thereof to a third party.

"*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.

"*Philips*" means Koninklijke Philips Electronics N.V.

"*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.

"*Public Market*" means any time after:

(1) an Equity Offering has been consummated; and

(2) shares of common stock or other common equity interests of the IPO Entity having a market value in excess of €100.0 million on the date of such Equity Offering have been distributed pursuant to such Equity Offering.

"*Public Offering*" means any offering, including an Initial Public Offering, of shares of common stock or other common equity interests that are listed on an exchange or publicly offered (which shall include an offering pursuant to Rule 144A and/or Regulation S under the Securities Act to professional market investors or similar persons).

"*Purchase Money Obligations*" means any Indebtedness Incurred to finance or refinance the acquisition, leasing, construction or improvement of property (real or personal) or assets (including Capital Stock), and whether acquired through the direct acquisition of such property or assets or the acquisition of the Capital Stock of any Person owning such property or assets, or otherwise.

"*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 Restricted Subsidiary and Indebtedness of any Restricted Subsidiary that refinances Indebtedness of the Company or another Restricted 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);

(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 shall not include Indebtedness of the Company or a Restricted Subsidiary that refinances Indebtedness of an Unrestricted Subsidiary.

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.

"*Related Person*" with respect to any Permitted Holder means:

(1) any controlling equityholder or Subsidiary of such Person; or

(2) in the case of an individual, any spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more of such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or

(3) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons of any thereof constitute the beneficiaries, stockholders, partners or owners thereof, or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein; or

(4) in the case of the Initial Investors any investment fund or vehicle managed, sponsored or advised by such Person or any successor thereto, or by any Affiliate of such Person or any such successor.

"*Related Taxes*" means:

(1) any Taxes, including sales, use, transfer, rental, ad valorem, value added, stamp, property, consumption, franchise, license, capital, registration, business, customs, net worth, gross receipts, excise, occupancy, intangibles or similar Taxes (other than (x) Taxes measured by income and (y) withholding imposed on payments made by any Parent), required to be paid (provided such Taxes are in fact paid) by any Parent by virtue of its:

(a) being organized or having Capital Stock outstanding (but not by virtue of owning stock or other equity interests of any corporation or other entity other than, directly or indirectly, the Company or any of the Company's Subsidiaries);

(b) issuing or holding Subordinated Shareholder Funding;

(c) being a holding company parent, directly or indirectly, of the Company or any of the Company's Subsidiaries;

(d) receiving dividends from or other distributions in respect of the Capital Stock of, directly or indirectly, the Company or any of the Company's Subsidiaries; or

(e) having made any payment in respect to any of the items for which the Company is permitted to make payments to any Parent pursuant to Section 4.06; or

(2) if and for so long as the Company is a member of a group filing a consolidated or combined tax return with any Parent, any Taxes measured by income for which such Parent is liable up to an amount not to exceed with respect to such Taxes the amount of any such Taxes that the Company and its Subsidiaries would have been required to pay on a separate company basis or on a consolidated basis if the Company and its Subsidiaries had paid tax on a consolidated, combined, group, affiliated or unitary basis on behalf of an affiliated group consisting only of the Company and its Subsidiaries.

"*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.

"*Restricted Investment*" means any Investment other than a Permitted Investment.

"*Restricted Subsidiary*" means any Subsidiary of the Company other than an Unrestricted Subsidiary.

"*Reversion Date*" means, after the Notes have achieved Investment Grade Status, the date, if any, that such Notes shall cease to have such Investment Grade Status.

"*S&P*" means Standard & Poor's Investors Ratings Services or any of its successors or assigns that is a Nationally Recognized Statistical Rating Organization.

"*SEC*" means the U.S. Securities and Exchange Commission or any successor thereto.

"*Secured Agreements*" shall have the meaning given such term in the definition of "*Underlying Debt.*"

"*Secured Indebtedness*" means any Indebtedness secured by a 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.

"*Security Documents*" shall mean, collectively, (a) the Collateral Agency Agreement, (b) each of the documents, agreements and instruments set forth in Schedule 1.1, and (c) each other security agreement or other instrument or document executed and delivered pursuant to Sections 4.20, 4.21, 4.22, Article 10 or Article 12 or pursuant to any of the Security Documents to secure any of the Notes.

"*Senior Facilities Agreement*" means the €500,000,000 senior secured revolving credit facility agreement dated September 29, 2006 among the Company, 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, supplemented or otherwise modified from time to time, including as the same may be refinanced by the €458,000,000 senior secured "forward start" revolving credit facility dated May 10, 2010 among the Company, certain of the Company's Subsidiaries, as borrowers and guarantors, the senior lenders (as named therein) and Morgan Stanley Senior Funding Inc., as administrative agent and global collateral agent, as amended, supplemented or otherwise modified from time to time.

"*Senior Finance Documents*" means the Senior Facilities Agreement and such other documents identified as "Senior Finance Documents" pursuant to the Senior Facilities Agreement.

"*Senior Management*" means the officers, directors, and other members of senior management of the Company or any of its Subsidiaries, who at any date beneficially own or have the right to acquire, directly or indirectly, Capital Stock of the Company or any Parent and with an equity investment in excess of €250,000.

"*Significant Subsidiary*" means any Restricted Subsidiary that meets any of the following conditions:

(1) the Company's and its Restricted Subsidiaries' investments in and advances to the Restricted Subsidiary exceed 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year;

(2) the Company's and its Restricted Subsidiaries' proportionate share of the total assets (after intercompany eliminations) of the Restricted Subsidiary exceeds 10% of the total assets of the Company and its Restricted Subsidiaries on a consolidated basis as of the end of the most recently completed fiscal year; or

(3) the Company's and its Restricted Subsidiaries' equity in the income from continuing operations before income taxes, extraordinary items and cumulative effect of a change in accounting principle of the Restricted Subsidiary exceeds 10% of such income of the Company and its Restricted Subsidiaries on a consolidated basis for the most recently completed fiscal year.

"*Similar Business*" means (a) any businesses, services or activities engaged in by the Company or any of its Subsidiaries or any Associates on the 2010 Issue Date and (b) any businesses, services and activities engaged in by the Company or any of its Subsidiaries or any Associates that are related, complementary, incidental, ancillary or similar to any of the foregoing or are extensions or developments of any thereof.

"*SSMC*" means Systems on Silicon Manufacturing Company Pte. or any successor entity or business thereto. For purposes of Section 4.06 and the definition of "Asset Disposition", references to SSMC shall also refer to any Unrestricted Subsidiary (x) any Capital Stock or debt of which is owned directly or indirectly by SSMC or (y) which has received a cash distribution or dividend from SSMC.

"*Stated Maturity*" means, with respect to any security, the date specified in such security as the fixed date on which the payment of principal of such 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 2010 Issue Date or thereafter Incurred) which is expressly subordinated in right of payment to the Notes pursuant to a written agreement.

"*Subordinated Shareholder Funding*" means, collectively, any funds provided to the Company by a Parent in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, in each case issued to and held by Holdings, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided, however*, that such Subordinated Shareholder Funding:

(1) does not mature or require any amortization, redemption or other repayment of principal or any sinking fund payment prior to the first anniversary of the Stated Maturity of the Notes (other than through conversion or exchange of such funding into Capital Stock (other than Disqualified Stock) of the Company or any funding meeting the requirements of this definition);

(2) does not require, prior to the first anniversary of the Stated Maturity of the Notes, payment of cash interest, cash withholding amounts or other cash gross-ups, or any similar cash amounts;

(3) contains no change of control or similar provisions and does not accelerate and has no right to declare a default or event of default or take any enforcement action or otherwise require any cash payment, in each case, prior to the first anniversary of the Stated Maturity of the Notes;

(4) does not provide for or require any security interest or encumbrance over any asset of the Company or any of its Subsidiaries; and

(5) pursuant to its terms is fully subordinated and junior in right of payment to the Notes pursuant to subordination, payment blockage and enforcement limitation terms which are customary in all material respects for similar funding.

"*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.

"*Successor Parent*" with respect to any Person means any other Person with more than 50% of the total voting power of the Voting Stock of which is, at the time the first Person becomes a Subsidiary of such other Person, "beneficially owned" (as defined below) by one or more Persons that "beneficially owned" (as defined below) more than 50% of the total voting power of the Voting Stock of the first Person immediately prior to the first Person becoming a Subsidiary of such other Person. For purposes hereof, "beneficially own" has the meaning correlative to the term "beneficial owner," as such term is defined in Rules 13d-3 and 13d-5 under the Exchange Act (as in effect on the 2010 Issue Date).

"*Super Priority Notes*" means the euro-denominated 10% super priority notes due July 15, 2013 and the U.S. dollar-denominated 10% super priority notes due July 15, 2013 outstanding on the Issue Date.

"*Taiwan Collateral Agent*" means Mizuho Corporate Bank, Ltd. or any successor acting in that role.

"*Taxes*" means all present and future taxes, levies, imposts, deductions, charges, duties and withholdings and any charges of a similar nature (including interest, penalties and other liabilities with respect thereto) that are imposed by any government or other taxing authority.

"*Tax Sharing Agreement*" means any tax sharing or profit and loss pooling or similar agreement with customary or arm's length terms entered into with any Parent or Unrestricted Subsidiary, as the same may be amended, supplemented, waived or otherwise modified from time to time in accordance with the terms thereof and of this Indenture.

"*Temporary Cash Investments*" means any of the following:

(1) any investment in

(a) direct obligations of, or obligations Guaranteed by, (i) the United States or Canada, (ii) any European Union member state, (iii) Switzerland or Norway, (iv) any country in whose currency funds are being held specifically pending application in the making of an investment or capital expenditure by the Company or a Restricted Subsidiary in that country with such funds or (v) any agency or instrumentality of any such country or member state, or

(b) direct obligations of any country recognized by the United States rated at least "A" by S&P or "A-1" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(2) overnight bank deposits, and investments in time deposit accounts, certificates of deposit, bankers' acceptances and money market deposits (or, with respect to foreign banks, similar instruments) maturing not more than one year after the date of acquisition thereof issued by:

(a) any lender under the Senior Facilities Agreement,

(b) any institution authorized to operate as a bank in any of the countries or member states referred to in subclause (1)(a) above, or

(c) any bank or trust company organized under the laws of any such country or member state or any political subdivision thereof,

in each case, having capital and surplus aggregating in excess of €250.0 million (or the foreign currency equivalent thereof) and whose long-term debt is rated at least "A" by S&P or "A-2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) or (2) above entered into with a Person meeting the qualifications described in clause (2) above;

(4) Investments in commercial paper, maturing not more than 270 days after the date of acquisition, issued by a Person (other than the Company or any of its Subsidiaries), with a rating at the time as of which any Investment therein is made of "P-2" (or higher) according to Moody's or "A-2" (or higher) according to S&P (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(5) Investments in securities maturing not more than one year after the date of acquisition issued or fully Guaranteed by any state, commonwealth or territory of the United States, Canada, any European Union member state or Switzerland, Norway or by any political subdivision or taxing authority of any such state, commonwealth, territory, country or member state, and rated at least "BBB" by S&P or "Baa3" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization);

(6) bills of exchange issued in the United States, Canada, a member state of the European Union, Switzerland, Norway or Japan eligible for rediscount at the relevant central bank and accepted by a bank (or any dematerialized equivalent);

(7) any money market deposit accounts issued or offered by a commercial bank organized under the laws of a country that is a member of the Organization for Economic Co-operation and Development, in each case, having capital and surplus in excess of €250.0 million (or the foreign currency equivalent thereof) or whose long term debt is rated at least "A" by S&P or "A2" by Moody's (or, in either case, the equivalent of such rating by such organization or, if no rating of S&P or Moody's then exists, the equivalent of such rating by any Nationally Recognized Statistical Rating Organization) at the time such Investment is made;

(8) investment funds investing 95% of their assets in securities of the type described in clauses (1) through (7) above (which funds may also hold reasonable amounts of cash pending investment and/or distribution); and

(9) investments in money market funds complying with the risk limiting conditions of Rule 2a-7 (or any successor rule) of the SEC under the U.S. Investment Company Act of 1940, as amended.

"*Term Loan*" means the senior secured term loan credit facility agreement dated March 4, 2011 among the Company, certain of the Company's Subsidiaries as borrowers and guarantors, the senior lenders (as named therein), Morgan Stanley Senior Funding Inc., as global collateral agent, Mizuho Corporate Bank, Ltd., as Taiwan collateral agent, and Barclays Bank PLC, as administrative agent, as 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 Restricted 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 the Issuer in good faith)) most nearly equal to the period from the redemption date to November 15, 2013; provided, however, that if the period from the redemption date to November 15, 2013 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.

"*Trident*" means Trident Microsystems, Inc.

"*Underlying Debt*" means, in relation to each of the obligors and at any given time, each obligation (whether present or future, actual or contingent) owing by that obligor to a Secured Party under any of the Notes and/or this Indenture (the "*Secured Agreements*") (including, for the avoidance of doubt, any change or increase in those obligations pursuant to or in connection with any amendment or supplement or restatement or novation of any Note or this Indenture, in each case whether or not anticipated as of the date of this Indenture) excluding that obligor's Parallel Debts; *provided* that only Notes and other obligations under this Indenture that are designated as "Additional Secured Obligations" under and in accordance with the Collateral Agency Agreement shall constitute Underlying Debt.

"*Unrestricted Subsidiary*" means SSMC, Jilin and Trident and:

(1) any Subsidiary of the Company (other than the Co-Issuer) that at the time of determination is an Unrestricted Subsidiary (as designated by the Board of Directors of the Company in the manner provided below); and

(2) any Subsidiary of an Unrestricted Subsidiary.

The Board of Directors of the Company may designate any Subsidiary of the Company (including any newly acquired or newly formed Subsidiary or a Person becoming a Subsidiary through merger, consolidation or other business combination transaction, or Investment therein) to be an Unrestricted Subsidiary only if:

(1) such Subsidiary or any of its Subsidiaries does not own any Capital Stock or Indebtedness of, or own or hold any Lien on any property of, the Company or any other Subsidiary of the Company which is not a Subsidiary of the Subsidiary to be so designated or otherwise an Unrestricted Subsidiary; and

(2) such designation and the Investment of the Company in such Subsidiary complies with Section 4.06.

Any such designation by the Board of Directors of the Company shall be evidenced to the Trustee by filing with the Trustee a resolution of the Board of Directors of the Company giving effect to such designation and an Officer's Certificate certifying that such designation complies with the foregoing conditions.

The Board of Directors of the Company may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided*, that immediately after giving effect to such designation (1) no Default or Event of Default would result therefrom and (2)(x) the Company could Incur at least €1.00 of additional Indebtedness under Section 4.05(a) or (y) the Fixed Charge Coverage Ratio would not be worse than it was immediately prior to giving effect to such designation, in each case, on a pro forma basis taking into account such designation. Any such designation by the Board of Directors shall be evidenced to the Trustee by promptly filing with the Trustee a copy of the resolution of the Board of Directors giving effect to such designation or an Officer's Certificate certifying that such designation complied with the foregoing provisions.

"*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 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 the timely payment of which is unconditionally Guaranteed as a full faith and credit obligation of the United States, 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 Restricted 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

Term	Defined in Section
"Additional Amounts"	4.02(a)
"Additional Agency Agreement"	12.04(a)
"Additional Notes"	Preamble
"Additional Secured Account"	4.22(c)
"Affiliate Transaction"	4.10(a)
"Agent Members"	Appendix A
"Applicable Procedures"	Appendix A
"Asset Disposition Offer"	4.09(b)
"Asset Disposition Offer Amount"	4.09(e)
"Asset Disposition Offer Period"	4.09(e)
"Asset Disposition Purchase Date"	4.09(e)
"Authorized Agent"	13.10
"Calculation Agent"	2.04(a)
"Change of Control Offer"	4.03(b)
"Change of Control Payment"	4.03(b)(1)
"Change of Control Payment Date"	4.03(b)(2)
"Co-Issuer"	Preamble
"Company"	Preamble
"covenant defeasance option"	8.01(b)
"defeasance trust"	8.02(a)(1)
"Definitive Note"	Appendix A
"Directive"	2.04(a)
"Event of Default"	6.01(a)
"Global Notes Legend"	Appendix A
"Guaranteed Obligations"	10.01(a)
"Initial Agreement"	4.08(b)(3)
"Initial Secured Account"	4.22(a)
"Interest Amount"	2.04(d)
"Issuers"	Preamble
"legal defeasance option"	8.01(b)
"Notes"	Preamble

Term	Defined in Section
“Notes Custodian”	Appendix A
“Note Guarantee”	10.01
“Original Notes”	Preamble
“Paying Agent”	2.04(a)
“Payor”	4.02(a)
“Patriot Act”	13.15
“Permitted Payments”	4.06(c)
“protected purchaser”	2.08
“QIB”	Appendix A
“Regulation S”	Appendix A
“Regulation S Notes”	Appendix A
“Relevant Taxing Jurisdiction”	4.02(a)(3)
“Registrar”	2.04(a)
“Restricted Payment”	4.06
“Restricted Period”	Appendix A
“Restricted Notes Legend”	Appendix A
“Rule 144A”	Appendix A
“Rule 144A Notes”	Appendix A
“Secured Accounts”	4.22(c)
“Secured Party”	4.23
“Securities Act”	Appendix A
“Successor Company”	5.01(a)(1)
“Suspension Event”	4.13
“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 Original Notes are a single series. All Original Notes shall be substantially identical except as to denomination. Additional Notes issued after the Issue Date may be issued in one or more series. All Additional Notes issued after the Issue Date of any one series shall be substantially identical except as to denomination.

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 limited to $619,584,000 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 $2,000 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 and Paying Agent

(a) The Issuers shall maintain one or more registrars (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*") or for payment (the "*Paying Agent*"). The Registrar shall keep a register of the Notes of their transfer and exchange. The Issuers may have one or more co-registrars and one or more additional transfer and paying agents. The terms "*Paying Agent*" and "*Transfer Agent*" include any additional paying agent or transfer agent, as applicable, and the term "*Registrar*" includes any co-registrars. 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 calculation agent (the "*Calculation Agent*"). 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 (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 day's written notice to the Issuers and the Trustee.

(d) The Calculation Agent shall determine the interest rates for the Notes in accordance with the Notes or a supplemental indenture. The Calculation Agent shall, as soon as practicable after 11:00 a.m. (New York time) on each determination date, determine the applicable rate and calculate the aggregate amount of interest payable in respect of the following interest period (the "*Interest Amount*"). 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, multiplying each such amount by the actual amounts of days in the interest period concerned divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the applicable rate and the Interest Amount by the Calculation 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 Offer or an Asset Disposition Offer.

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 13.06, 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 as a result. In any event, the Issuers will indemnify the recipient 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 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 30 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 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 by the Issuers, and/or 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, as applicable, prescribes no method of selection, on a pro rata basis; *provided, however*, that no Note of $2,000 in aggregate principal amount or less shall be redeemed in part. Provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption. The Trustee shall notify the Issuers promptly of the Notes or portions of Notes to be redeemed.

SECTION 3.03 Notice of Redemption

(a) At least 30 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 13.03 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 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 either Issuer, a Successor Company or 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 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 between a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of power over the relevant Holder, if the relevant Holder 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 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 or identity 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 tax, assessment or other governmental charge;

(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, sales, excise, transfer, personal property or similar tax, assessment or other governmental charge;

(5) any Taxes that are required to be deducted or withheld on a payment to an individual 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 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to such directive;

(6) except in the case of the liquidation, dissolution or winding-up of the Payor, any Taxes imposed in connection with a Note presented for payment (where presentation is permitted or 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 permitted or 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 any 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).

(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, charges or levies that arise in any jurisdiction from the execution, delivery, registration or enforcement of any Notes, this Indenture, the Security Documents or any other document or instrument in relation thereto (other than a transfer of the Notes) excluding any such taxes, charges or similar levies 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 paragraph will survive any termination, defeasance or discharge of this Indenture and will apply *mutatis mutandis* to any jurisdiction in which any successor to either Issuer is organized or any political subdivision or taxing authority or agency thereof or therein.

SECTION 4.03 Change of Control

(a) If a Change of Control occurs, subject to this Section 4.03, each Holder will have the right to require the Issuers to repurchase all of such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of the Notes, plus accrued and unpaid interest to the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date); *provided, however*, that the Issuers shall not be obliged to repurchase Notes as described under this Section 4.03, in the event and to the extent that they have unconditionally exercised their right to redeem all of the Notes as described under Section 5 of the Notes or all conditions to such redemption have been satisfied or waived.

(b) Unless the Issuers have unconditionally exercised their right to redeem all the Notes as described under Section 5 of the Notes or all conditions to such redemption have been satisfied or waived, no later than the date that is 60 days after any Change of Control, the Issuers will mail a notice (the "*Change of Control Offer*") to each Holder of any such Notes, with a copy to the Trustee:

(1) stating that a Change of Control has occurred or may occur and that such Holder has the right to require the Issuers to purchase such Holder's Notes at a purchase price in cash equal to 101% of the principal amount of such Notes plus accrued and unpaid interest to, but not including, the date of purchase (subject to the right of Holders of record on a record date to receive interest on the relevant interest payment date) (the "*Change of Control Payment*");

(2) stating the repurchase date (which shall be no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "*Change of Control Payment Date*");

(3) describing the circumstances and relevant facts regarding the transaction or transactions that constitute the Change of Control;

(4) describing the procedures determined by the Issuers, consistent with this Indenture, that a Holder must follow in order to have its Notes repurchased; and

(5) if such notice is mailed prior to the occurrence of a Change of Control, stating that the Change of Control Offer is conditional on the occurrence of such Change of Control.

(c) On the Change of Control Payment Date, if the Change of Control shall have occurred, the Issuers will, to the extent lawful:

(1) accept for payment all Notes properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes so tendered; and

(3) deliver or cause to be delivered to the Trustee an Officer's Certificate stating the Notes or portions thereof being purchased by the Issuers in the Change of Control Offer;

(4) in the case of Global Notes, deliver, or cause to be delivered, to the principal Paying Agent the Global Notes in order to reflect thereon the portion of such Notes or portions thereof that have been tendered to and purchased by the Issuers; and

(5) in the case of Definitive Notes, deliver, or cause to be delivered, to the relevant Registrar for cancellation all Definitive Notes accepted for purchase by the Issuers.

(d) If any Definitive Notes have been issued, the Paying Agent will promptly mail to each Holder of Definitive Notes so tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder of Definitive Notes a new Note equal in principal amount to the unpurchased portion of the Notes surrendered, if any; provided that each such new Note will be in a principal amount that is at least $2,000 and integral multiples of $1,000 in excess thereof.

(e) This Section 4.03 will be applicable whether or not any other provisions of this Indenture are applicable.

(f) The Issuers will not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Issuers and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

(g) 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 its obligations under the Change of Control 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 is treated as a disregarded entity 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 for U.S. federal income tax purposes.

SECTION 4.05 Limitation on Indebtedness

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, Incur any Indebtedness (including Acquired Indebtedness); provided, however, that the Company and any of the Guarantors may Incur Indebtedness if on the date of such Incurrence and after giving pro forma effect thereto (including pro forma application of the proceeds thereof), the Fixed Charge Coverage Ratio for the Company and its Restricted Subsidiaries is greater than 2.00 to 1.00.

(b) The limitations of Section 4.05(a) will not prohibit the Incurrence of the following Indebtedness:

(1) Indebtedness Incurred pursuant to any Credit Facility (including the Super Priority Notes and also including letters of credit or bankers' acceptances issued or created under any Credit Facility), and any Refinancing Indebtedness in respect thereof and Guarantees in respect of such Indebtedness in a maximum aggregate principal amount at any time outstanding not exceeding (i) €750.0 million, plus (ii) in the case of any refinancing of any Indebtedness permitted under this clause (1) or any portion thereof, the aggregate amount of fees, underwriting discounts, premiums and other costs and expenses Incurred in connection with such refinancing;

(2) (a) (i) Guarantees by the Company or any Restricted Subsidiary of Indebtedness of the Company or any Guarantor and (ii) co-issuance by the Co-Issuer of any Indebtedness of the Company in each case so long as the Incurrence of such Indebtedness is permitted under the terms of this Indenture; or

(b) without limiting Section 4.07 Indebtedness arising by reason of any Lien granted by or applicable to such Person securing Indebtedness of the Company or any Restricted Subsidiary so long as the Incurrence of such Indebtedness is permitted under the terms of this Indenture;

(3) Indebtedness of the Company owing to and held by any Restricted Subsidiary or Indebtedness of a Restricted Subsidiary owing to and held by the Company or any Restricted Subsidiary; *provided*, *however*, that:

(x) any subsequent issuance or transfer of Capital Stock or any other event which results in any such Indebtedness being beneficially held by a Person other than the Company or a Restricted Subsidiary of the Company; and

(y) any sale or other transfer of any such Indebtedness to a Person other than the Company or a Restricted Subsidiary of the Company,

shall be deemed, in each case, to constitute an Incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be;

(4) Indebtedness represented by (a) the Notes (and the Additional Notes), (b) (1) any Indebtedness (other than Indebtedness described in Sections 4.05(b)(1) and 4.05(b)(3)) outstanding on the 2010 Issue Date, including the Existing Secured Notes and the Existing Unsecured Notes and (2) the Term Loan, (c) Refinancing Indebtedness Incurred in respect of any Indebtedness described in Sections 4.05(b)(4), 4.05(b)(5), 4.05(b)(7) or 4.05(b)(11) or Incurred pursuant to Section 4.05(a), and (d) Management Advances;

(5) Indebtedness of any Person Incurred and outstanding on the date on which such Person becomes a Restricted Subsidiary of the Company or another Restricted Subsidiary of the Company or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Company or any Restricted Subsidiary (other than Indebtedness Incurred (i) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (ii) otherwise in connection with or contemplation of such acquisition); provided, however, with respect to this Section 4.05(b)(5), that at the time of such acquisition or other transaction (x) the Company would have been able to Incur €1.00 of additional Indebtedness pursuant to Section 4.05(a) after giving effect to the Incurrence of such Indebtedness pursuant to this Section 4.05(b)(5) or (y) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such acquisition or other transaction;

(6) Indebtedness under Currency Agreements, Interest Rate Agreements and Commodity Hedging Agreements entered into for bona fide hedging purposes of the Company or its Restricted Subsidiaries and not for speculative purposes (as determined in good faith by the Board of Directors or Senior Management of the Company);

(7) Indebtedness represented by Capitalized Lease Obligations or Purchase Money Obligations, and in each case any Refinancing Indebtedness in respect thereof, in an aggregate outstanding principal amount which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this Section 4.05(b)(7) and then outstanding, will not exceed at any time outstanding the greater of (A) €100.0 million and (B) 1% of Total Assets;

(8) Indebtedness in respect of (a) workers' compensation claims, self-insurance obligations, performance, indemnity, surety, judgment, appeal, advance payment, customs, VAT or other tax or other guarantees or other similar bonds, instruments or obligations and completion guarantees and warranties provided by the Company or a Restricted Subsidiary or relating to liabilities, obligations or guarantees Incurred in the ordinary course of business, (b) letters of credit, bankers' acceptances, guarantees or other similar instruments or obligations issued or relating to liabilities or obligations Incurred in the ordinary course of business, (c) the financing of insurance premiums in the ordinary course of business and (d) any customary cash management, cash pooling or netting or setting off arrangements in the ordinary course of business;

(9) Indebtedness arising from agreements providing for customary guarantees, indemnification, obligations in respect of earn-outs or other adjustments of purchase price or, in each case, similar obligations, in each case, Incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Capital Stock of a Subsidiary (other than Guarantees of Indebtedness Incurred by any Person acquiring or disposing of such business or assets or such Subsidiary for the purpose of financing such acquisition or disposition); provided that the maximum liability of the Company and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the fair market value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Company and its Restricted Subsidiaries in connection with such disposition;

(10) (A) Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided, however*, that such Indebtedness is extinguished within five Business Days of Incurrence;

(B) Customer deposits and advance payments received in the ordinary course of business from customers for goods purchased in the ordinary course of business;

(C) Indebtedness owed on a short-term basis of no longer than 30 days to banks and other financial institutions incurred in the ordinary course of business of the Company and its Restricted Subsidiaries with such banks or financial institutions that arises in connection with ordinary banking arrangements to manage cash balances of the Company and its Restricted Subsidiaries; and

(D) Indebtedness incurred by a Restricted Subsidiary in connection with bankers acceptances, discounted bills of exchange or the discounting or factoring of receivables for credit management purposes, in each case incurred or undertaken in the ordinary course of business on arm's length commercial terms on a recourse basis;

(11) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.05(b)(11) and then outstanding, will not exceed €450.0 million;

(12) Indebtedness in an aggregate outstanding principal amount which, when taken together with any Refinancing Indebtedness in respect thereof and the principal amount of all other Indebtedness Incurred pursuant to this Section 4.05(b)(12)4 and then outstanding, will not exceed 100% of the Net Cash Proceeds received by the Company from the issuance or sale (other than to a Restricted Subsidiary) of its Capital Stock (other than Disqualified Stock, Designated Preference Shares or an Excluded Contribution) or otherwise contributed to the equity (other than through the issuance of Disqualified Stock, Designated Preference Shares or an Excluded Contribution) of the Company, in each case, subsequent to the 2010 Issue Date; *provided*, *however*, that (i) any such Net Cash Proceeds that are so received or contributed shall be excluded for purposes of making Restricted Payments under Sections 4.06(c)(1), 4.06(c)(6) and 4.06(c)(10) to the extent the Company and its Restricted Subsidiaries incur Indebtedness in reliance thereon and (ii) any Net Cash Proceeds that are so received or contributed shall be excluded for purposes of Incurring Indebtedness pursuant to this clause (12) to the extent the Company or any of its Restricted Subsidiaries makes a Restricted Payment under Section 4.06(a)(z), 4.06(c)(1), 4.06(c)(6) or 4.06(c)(10) in reliance thereon;

(13) Indebtedness of Restricted Subsidiaries incurred as a result of (i) any governmental or regulatory restrictions, limitations or penalties in the nature of capital controls, exchange controls or similar restrictions affecting the incurrence or repayment of intercompany Indebtedness by any Restricted Subsidiary or (ii) any ordinary course country risk management policies of the Company restricting or limiting transfers or distributions from the Company or any Restricted Subsidiary to the Company or any Restricted Subsidiary, provided that the principal amount of such Indebtedness so incurred when aggregated with other Indebtedness previously incurred in reliance on this clause (13) and still outstanding shall not in the aggregate exceed €350.0 million; and

(14) the guarantee by the Company or a Restricted Subsidiary of debt of any Person in which the Company or a Restricted Subsidiary has beneficial ownership of 15% or more of the Voting Stock in respect of performance, bid or surety bonds issued by or on behalf of any such Person in the ordinary course of business in an aggregate amount, together with all other guarantees of the Company outstanding pursuant to this clause (14) on the date of such incurrence, not to exceed €15.0 million.

(c) [Reserved].

(d) For purposes of determining compliance with, and the outstanding principal amount of any particular Indebtedness Incurred pursuant to and in compliance with, this Section 4.05:

(1) in the event that Indebtedness meets the criteria of more than one of the types of Indebtedness described in Sections 4.05(a) and 4.05(b), the Company, in its sole discretion, will classify, and may from time to time reclassify, such item of Indebtedness and only be required to include the amount and type of such Indebtedness in one of the clauses of the second paragraph or the first paragraph of this covenant;

(2) all Indebtedness outstanding on the 2010 Issue Date under the Senior Facilities Agreement shall be deemed initially Incurred on the 2010 Issue Date under Section 4.05(b)(1) and not Section 4.05(a) or Section 4.05(b)(4)(b), and may not be reclassified pursuant to Section 4.05(d)(1);

(3) Guarantees of, or obligations in respect of letters of credit, bankers' acceptances or other similar instruments relating to, or Liens securing, Indebtedness that is otherwise included in the determination of a particular amount of Indebtedness shall not be included;

(4) if obligations in respect of letters of credit, bankers' acceptances or other similar instruments are Incurred pursuant to any Credit Facility and are being treated as Incurred pursuant to Section 4.05(a), 4.05(b)(1), 4.05(b)(7), 4.05(b)(11), 4.05(b)(12) or 4.05(b)(13) and the letters of credit, bankers' acceptances or other similar instruments relate to other Indebtedness, then such other Indebtedness shall not be included;

(5) the principal amount of any Disqualified Stock of the Company or a Restricted Subsidiary, or Preferred Stock of a Restricted Subsidiary, will be equal to the greater of the maximum mandatory redemption or repurchase price (not including, in either case, any redemption or repurchase premium) or the liquidation preference thereof;

(6) Indebtedness permitted by this covenant need not be permitted solely by reference to one provision permitting such Indebtedness but may be permitted in part by one such provision and in part by one or more other provisions of this Section 4.05 permitting such Indebtedness; and

(7) the amount of Indebtedness issued at a price that is less than the principal amount thereof will be equal to the amount of the liability in respect thereof determined on the basis of GAAP.

(e) Accrual of interest, accrual of dividends, the accretion of accreted value, the accretion or amortization of original issue discount, the payment of interest in the form of additional Indebtedness, the payment of dividends in the form of additional shares of Preferred Stock or Disqualified Stock or the reclassification of commitments or obligations not treated as Indebtedness due to a change in GAAP, will not be deemed to be an Incurrence of Indebtedness for purposes of this Section 4.05. The amount of any Indebtedness outstanding as of any date shall be (a) the accreted value thereof in the case of any Indebtedness issued with original issue discount and (b) the principal amount, or liquidation preference thereof, in the case of any other Indebtedness.

(f) If at any time an Unrestricted Subsidiary becomes a Restricted Subsidiary, any Indebtedness of such Subsidiary shall be deemed to be Incurred by a Restricted Subsidiary of the Company as of such date (and, if such Indebtedness is not permitted to be Incurred as of such date under this Section 4.05, the Company shall be in Default of this Section 4.05).

(g) For purposes of determining compliance with any euro-denominated restriction on the Incurrence of Indebtedness, the Euro Equivalent of the principal amount of Indebtedness denominated in another currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was Incurred, in the case of term Indebtedness, or, at the option of the Company, first committed, in the case of Indebtedness Incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is Incurred to refinance other Indebtedness denominated in a currency other than euros, and such refinancing would cause the applicable euro-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such euro-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (2) the Euro Equivalent of the principal amount of any such Indebtedness outstanding on the 2010 Issue Date shall be calculated based on the relevant currency exchange rate in effect on the 2010 Issue Date, except to the extent the amount of such Indebtedness is Incurred under a revolving credit facility; and (3) if and for so long as any such Indebtedness is subject to a Currency Agreement with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in euros, will be the amount of the principal payment required to be made under such Currency Agreement and, otherwise, the Euro Equivalent of such amount plus the Euro Equivalent of any premium which is at such time due and payable but is not covered by such Currency Agreement.

(h) Notwithstanding any other provision of this Section 4.05, the maximum amount of Indebtedness that the Company or a Restricted Subsidiary may Incur pursuant to this Section 4.05 shall not be deemed to be exceeded solely as a result of fluctuations in the exchange rate of currencies. The principal amount of any Indebtedness Incurred to refinance other Indebtedness, if Incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such Refinancing Indebtedness is denominated that is in effect on the date of such refinancing. 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.

SECTION 4.06 Limitation on Restricted Payments

(a) The Company will not, and will not permit any of its Restricted Subsidiaries, directly or indirectly, to:

(1) declare or pay any dividend or make any distribution on or in respect of the Company's or any Restricted Subsidiary's Capital Stock (including any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) except:

(x) dividends or distributions payable in Capital Stock of the Company (other than Disqualified Stock) or in options, warrants or other rights to purchase such Capital Stock of the Company or in Subordinated Shareholder Funding; and

(y) dividends or distributions payable to the Company or a Restricted Subsidiary (and, in the case of any such Restricted Subsidiary making such dividend or distribution, to holders of its Capital Stock other than the Company or another Restricted Subsidiary on no more than a *pro rata* basis, measured by value);

(2) purchase, redeem, retire or otherwise acquire for value any Capital Stock of the Company or any direct or indirect Parent of the Company held by Persons other than the Company or a Restricted Subsidiary of the Company (other than in exchange for Capital Stock of the Company (other than Disqualified Stock));

(3) purchase, repurchase, redeem, defease or otherwise acquire or retire for value, prior to scheduled maturity, scheduled repayment or scheduled sinking fund payment, any Subordinated Indebtedness (other than (a) any such purchase, repurchase, redemption, defeasance or other acquisition or retirement or in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case, due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement and (b) any Indebtedness Incurred pursuant to Section 4.05(b)(3) or any Subordinated Shareholder Funding; or

(4) make any Restricted Investment in any Person;

(any such dividend, distribution, purchase, redemption, repurchase, defeasance, other acquisition, retirement or Restricted Investment referred to in clauses (1) through (4) are referred to herein as a "*Restricted Payment*"), if at the time the Company or such Restricted Subsidiary makes such Restricted Payment:

(x) a Default shall have occurred and be continuing (or would result immediately thereafter therefrom);

(y) the Company is not able to Incur an additional €1.00 of Indebtedness pursuant to Section 4.05(a) after giving effect, on a pro forma basis, to such Restricted Payment; or

(z) the aggregate amount of such Restricted Payment and all other Restricted Payments made subsequent to the 2010 Issue Date (and not returned or rescinded) (including Permitted Payments permitted by Sections 4.06(c)(6), 4.06(c)(10), 4.06(c)(11) and 4.06(c)(12), but excluding all other Restricted Payments permitted by Section 4.06(c)) would exceed the sum of (without duplication):

(i) 50% of Consolidated Net Income for the period (treated as one accounting period) from the first day of the first fiscal quarter commencing after the 2010 Issue Date to the end of the most recent fiscal quarter ending prior to the date of such Restricted Payment for which internal consolidated financial statements of the Company are available (or, in the case such Consolidated Net Income is a deficit, minus 100% of such deficit);

(ii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company from the issue or sale of its Capital Stock (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding subsequent to the 2010 Issue Date or otherwise contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company subsequent to the 2010 Issue Date (other than (x) Net Cash Proceeds or property or assets or marketable securities received from an issuance or sale of such Capital Stock to a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary, (y) Net Cash Proceeds or property or assets or marketable securities to the extent that any Restricted Payment has been made from such proceeds in reliance on Section 4.06(c)(6) and (z) Excluded Contributions);

(iii) 100% of the aggregate Net Cash Proceeds, and the fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary from the issuance or sale (other than to the Company or a Restricted Subsidiary of the Company or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) by the Company or any Restricted Subsidiary subsequent to the 2010 Issue Date of any Indebtedness that has been converted into or exchanged for Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares) or Subordinated Shareholder Funding (plus the amount of any cash, and the fair market value (as determined in accordance with Section 4.06(b)) of property or assets or marketable securities, received by the Company or any Restricted Subsidiary upon such conversion or exchange);

(iv) the amount equal to the net reduction in Restricted Investments made by the Company or any of its Restricted Subsidiaries subsequent to the 2010 Issue Date resulting from:

(A) repurchases, redemptions or other acquisitions or retirements of any such Restricted Investment, proceeds realized upon the sale or other disposition to a Person other than the Company or a Restricted Subsidiary of any such Restricted Investment, repayments of loans or advances or other transfers of assets (including by way of dividend, distribution, interest payments or returns of capital) to the Company or any Restricted Subsidiary; or

(B) the redesignation of Unrestricted Subsidiaries (other than SSMC) as Restricted Subsidiaries (valued, in each case, as provided in the definition of "Investment") not to exceed, in the case of any Unrestricted Subsidiary, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Unrestricted Subsidiary, which amount, in each case under this Section 4.06(a)(z)(iv), was included in the calculation of the amount of Restricted Payments referred to in the first sentence of this Section 4.06(a)(z); *provided*, *however*, that no amount will be included in Consolidated Net Income for purposes of Section 4.06(a)(z)(i) to the extent that it is (at the Company's option) included under this Section 4.06(a)(z)(iv); and

(v) the amount of the cash and fair market value (as determined in accordance with the next succeeding paragraph) of property or assets or of marketable securities received by the Company or any of its Restricted Subsidiaries subsequent to the 2010 Issue Date in connection with:

(A) the sale or other disposition (other than to the Company or a Restricted Subsidiary or an employee stock ownership plan or trust established by the Company or any Subsidiary of the Company for the benefit of its employees to the extent funded by the Company or any Restricted Subsidiary) of Capital Stock of an Unrestricted Subsidiary of the Company (other than SSMC); and

(B) any dividend or distribution made by an Unrestricted Subsidiary or Affiliate (other than SSMC) to the Company or a Restricted Subsidiary;

provided, however, that no amount will be included in Consolidated Net Income for purposes of Section 4.06(a)(z)(i) to the extent that it is (at the Company's option) included under this Section 4.06(a)(z)(v); *provided further*, however, that such amount shall not exceed the amount included in the calculation of the amount of Restricted Payments referred to in the first sentence of this Section 4.06(a)(z).

(b) The fair market value of property or assets other than cash covered by Section 4.06(a) shall be the fair market value thereof as determined in good faith by the Board of Directors.

(c) The provisions of this Section 4.06 will not prohibit any of the following (collectively, "*Permitted Payments*"):

(1) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Capital Stock, Disqualified Stock, Designated Preference Shares, Subordinated Shareholder Funding or Subordinated Indebtedness made by exchange (including any such exchange pursuant to the exercise of a conversion right or privilege in connection with which cash is paid in lieu of the issuance of fractional shares) for, or out of the proceeds of the substantially concurrent sale of, Capital Stock of the Company (other than Disqualified Stock or Designated Preference Shares), Subordinated Shareholder Funding or a substantially concurrent contribution to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company; provided, however, that to the extent so applied, the Net Cash Proceeds, or fair market value (as determined in accordance with the preceding sentence) of property or assets or of marketable securities, from such sale of Capital Stock, Subordinated Shareholder Funding or such contribution will be excluded from Section 4.06(a)(z)(ii);

(2) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness made by exchange for, or out of the proceeds of the substantially concurrent sale of, Refinancing Indebtedness permitted to be Incurred pursuant to Section 4.05;

(3) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Preferred Stock of the Company or a Restricted Subsidiary made by exchange for or out of the proceeds of the substantially concurrent sale of Preferred Stock of the Company or a Restricted Subsidiary, as the case may be, that, in each case, is permitted to be Incurred pursuant to Section 4.05, and that in each case, constitutes Refinancing Indebtedness;

(4) any purchase, repurchase, redemption, defeasance or other acquisition or retirement of Subordinated Indebtedness:

(a) (i) from Net Available Cash to the extent permitted under Section 4.09, but only if the Company shall have first complied with Section 4.09 and purchased all Notes tendered pursuant to any offer to repurchase all the Notes

required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest;

(b) to the extent required by the agreement governing such Subordinated Indebtedness, following the occurrence of a Change of Control (or other similar event described therein as a "*change of control*"), but only (i) if the Company shall have first complied with Section 4.03 and purchased all Notes tendered pursuant to the offer to repurchase all the Notes required thereby, prior to purchasing, repurchasing, redeeming, defeasing or otherwise acquiring or retiring such Subordinated Indebtedness and (ii) at a purchase price not greater than 101% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest; or

(c) (i) consisting of Acquired Indebtedness (other than Indebtedness Incurred (A) to provide all or any portion of the funds utilized to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was otherwise acquired by the Company or a Restricted Subsidiary or (B) otherwise in connection with or contemplation of such acquisition) and (ii) at a purchase price not greater than 100% of the principal amount of such Subordinated Indebtedness plus accrued and unpaid interest and any premium required by the terms of any Acquired Indebtedness;

(5) any dividends paid within 60 days after the date of declaration if at such date of declaration such dividend would have complied with this provision;

(6) the purchase, repurchase, redemption, defeasance or other acquisition, cancellation or retirement for value of Capital Stock of any Parent (including any options, warrants or other rights in respect thereof) and loans, advances, dividends or distributions by the Company to any Parent to permit any Parent to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), or payments to purchase, repurchase, redeem, defease or otherwise acquire, cancel or retire for value Capital Stock of any Parent (including any options, warrants or other rights in respect thereof), in each case from Management Investors; *provided* that such payments, loans, advances, dividends or distributions do not exceed an amount (net of repayments of any such loans or advances) equal to (1) €40.0 million plus (2) €20.0 million multiplied by the number of calendar years that have commenced since the Original Issue Date plus (3) the Net Cash Proceeds received by the Company or its Restricted Subsidiaries since the Original Issue Date (including through receipt of proceeds from the issuance or sale of its Capital Stock or Subordinated Shareholder Funding to a Parent) from, or as a contribution to the equity (in each case under this Section 4.06(c)(6)(3), other than through the issuance of Disqualified Stock or Designated Preference Shares) of the Company from, the issuance or sale to Management Investors of Capital Stock (including any options, warrants or other rights in respect thereof), to the extent such Net Cash

Proceeds are not included in any calculation under Section 4.06(a)(z)(ii), less (4) any such purchases, repurchases, redemptions, defeasances or other acquisitions, cancellations or retirements for value of Capital Stock and payments, loans, advances, dividends or distributions made since the Original Issue Date and prior to the 2010 Issue Date pursuant to the comparable provisions of the Existing Secured Notes;

(7) the declaration and payment of dividends to holders of any class or series of Disqualified Stock, or of any Preferred Stock of a Restricted Subsidiary, Incurred in accordance with Section 4.05;

(8) purchases, repurchases, redemptions, defeasances or other acquisitions or retirements of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights in respect thereof if such Capital Stock represents a portion of the exercise price thereof;

(9) dividends, loans, advances or distributions to any Parent or other payments by the Company or any Restricted Subsidiary in amounts equal to (without duplication):

(a) the amounts required for any Parent to pay any Parent Expenses or any Related Taxes; or

(b) amounts constituting or to be used for purposes of making payments to the extent specified in Sections 4.10(b)(2), 4.10(b)(3), 4.10(b)(5), 4.10(b)(7) and 4.10(b)(12);

(10) so long as no Default or Event of Default has occurred and is continuing (or would result from), the declaration and payment by the Company of, or loans, advances, dividends or distributions to any Parent to pay, dividends on the common stock or common equity interests of the Company or any Parent following a Public Offering of such common stock or common equity interests, in an amount not to exceed in any fiscal year the greater of (a) 6% of the Net Cash Proceeds received by the Company from such Public Offering or contributed to the equity (other than through the issuance of Disqualified Stock or Designated Preference Shares or through an Excluded Contribution) of the Company and (b) following the Initial Public Offering, an amount equal to the greater of (i) the greater of (A) 7% of the Market Capitalization and (B) 7% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 2.75 to 1.00 and (ii) the greater of (A) 5% of the Market Capitalization and (B) 5% of the IPO Market Capitalization; *provided* that after giving *pro forma* effect to such loans, advances, dividends or distributions, the Consolidated Leverage Ratio shall be equal to or less than 3.25 to 1.00;

(11) so long as no Default or Event of Default has occurred and is continuing (or would result from), Restricted Payments (including loans or advances) in an aggregate amount outstanding at any time since the 2010 Issue Date not to exceed €200.0 million;

(12) payments by the Company, or loans, advances, dividends or distributions to any Parent to make payments, to holders of Capital Stock of the Company or any Parent in lieu of the issuance of fractional shares of such Capital Stock, *provided*, *however*, that any such payment, loan, advance, dividend or distribution shall not be for the purpose of evading any limitation of this covenant or otherwise to facilitate any dividend or other return of capital to the holders of such Capital Stock (as determined in good faith by the Board of Directors);

(13) Investments in an aggregate amount outstanding at any time not to exceed the aggregate cash amount of Excluded Contributions, or consisting of non-cash Excluded Contributions, or Investments to the extent made in exchange for or using as consideration Investments previously made under this Section 4.06(c)(13);

(14) (i) the declaration and payment of dividends to holders of any class or series of Designated Preference Shares of the Company issued after the 2010 Issue Date; and (ii) the declaration and payment of dividends to any Parent or any Affiliate thereof, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Designated Preference Shares of such Parent issued after the 2010 Issue Date; *provided*, *however*, that, in the case of clauses (i) and (ii), the amount of all dividends declared or paid pursuant to this Section 4.06(c)(14) shall not exceed the Net Cash Proceeds received by the Company or the aggregate amount contributed in cash to the equity (other than through the issuance of Disqualified Stock or an Excluded Contribution or, in the case of Designated Preference Shares by Parent or an Affiliate the issuance of Designated Preference Shares) of the Company, from the issuance or sale of such Designated Preference Shares; and

(15) dividends or other distributions of Capital Stock of Unrestricted Subsidiaries other than SSMC (unless the Unrestricted Subsidiary's principal asset is cash and Cash Equivalents or to the extent the assets owned by such Unrestricted Subsidiary were contributed in contemplation of such dividend or distribution).

(d) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of such Restricted Payment of the asset(s) or securities proposed to be paid, transferred or issued by the Company or such Restricted Subsidiary, as the case may be, pursuant to such Restricted Payment. The fair market value of any cash Restricted Payment shall be its face amount, and the fair market value of any non-cash Restricted Payment shall be determined conclusively by the Board of Directors of the Company acting in good faith.

(e) In addition to the foregoing, it will be a breach of this Section 4.06 if any of the Initial Investors receives directly or indirectly from SSMC payments that would, if made by the Company, constitute Restricted Payments of the types described in Sections 4.06(a)(1), 4.06(a)(2) and 4.06(a)(3), other than through distributions and dividends (x) to the Company and the making of such payments by the Company in a manner permitted by this Section 4.06 or (y) on a pro rata basis (proportionate to its ownership of SSMC) to another portfolio company of any Initial Investor, or, in the case of Philips, another operating subsidiary, engaged in an active business that owns Capital Stock of SSMC at such time.

SECTION 4.07 Limitation on Liens

The Company will not, and will not permit any Restricted Subsidiary to, directly or indirectly, create, Incur or suffer to exist any Lien (other than Permitted Liens or, in the case of assets constituting Collateral, Permitted Collateral Liens) upon any of its property or assets (including Capital Stock of a Restricted Subsidiary of the Company), whether owned on the 2010 Issue Date or acquired after that date, or any interest therein or any income or profits therefrom, which Lien secures any Indebtedness.

SECTION 4.08 Limitation on Restrictions on Distributions from Restricted Subsidiaries

(a) The Company will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or consensual restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions in cash or otherwise on its Capital Stock or pay any Indebtedness or other obligations owed to the Company or any Restricted Subsidiary;

(2) make any loans or advances to the Company or any Restricted Subsidiary; or

(3) sell, lease or transfer any of its property or assets to the Company or any Restricted Subsidiary;

provided that (x) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock and (y) the subordination of (including the application of any standstill requirements to) loans or advances made to the Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of Section 4.08(a) will not prohibit:

(1) any encumbrance or restriction pursuant to (a) any Credit Facility (including the Senior Finance Documents) or (b) any other agreement or instrument, in each case, in effect at or entered into on the 2010 Issue Date, including the indentures governing the Super Priority Notes, the Existing Secured Notes, the Existing Unsecured Notes and the Term Loan;

(2) any encumbrance or restriction pursuant to an agreement or instrument of a Person or relating to any Capital Stock or Indebtedness of a Person, entered into on or before the date on which such Person was acquired by or merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary, or was designated as a Restricted Subsidiary or on which such agreement or instrument is assumed by the Company or any Restricted Subsidiary in connection with an acquisition of assets (other than Capital Stock or Indebtedness Incurred as

consideration in, or to provide all or any portion of the funds utilized to consummate, the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary or was acquired by the Company or was merged, consolidated or otherwise combined with or into the Company or any Restricted Subsidiary entered into or in connection with such transaction) and outstanding on such date; *provided* that, for the purposes of this Section 4.08(b)(2), if another Person is the Successor Company, any Subsidiary thereof or agreement or instrument of such Person or any such Subsidiary shall be deemed acquired or assumed by the Company or any Restricted Subsidiary when such Person becomes the Successor Company;

(3) any encumbrance or restriction pursuant to an agreement or instrument effecting a refinancing of Indebtedness Incurred pursuant to, or that otherwise refinances, an agreement or instrument referred to in Section 4.08(b)(1), 4.08(b)(2) or 4.08(b)(3) (an "*Initial Agreement*") or contained in any amendment, supplement or other modification to an agreement referred to in Section 4.08(b)(1), 4.08(b)(2) or 4.08(b)(3); *provided, however*, that the encumbrances and restrictions with respect to such Restricted Subsidiary contained in any such agreement or instrument are no less favorable in any material respect to the Holders taken as a whole than the encumbrances and restrictions contained in the Initial Agreement or Initial Agreements to which such refinancing or amendment, supplement or other modification relates (as determined in good faith by the Company);

(4) any encumbrance or restriction:

(a) that restricts in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease, license or similar contract, or the assignment or transfer of any lease, license or other contract;

(b) contained in mortgages, pledges, charges or other security agreements permitted under this Indenture or securing Indebtedness of the Company or a Restricted Subsidiary permitted under this Indenture to the extent such encumbrances or restrictions restrict the transfer of the property or assets subject to such mortgages, pledges, charges or other security agreements; or

(c) pursuant to customary provisions restricting dispositions of real property interests set forth in any reciprocal easement agreements of the Company or any Restricted Subsidiary;

(5) any encumbrance or restriction pursuant to Purchase Money Obligations and Capitalized Lease Obligations permitted under this Indenture, in each case, that impose encumbrances or restrictions on the property so acquired or any encumbrance or restriction pursuant to a joint venture agreement that imposes restrictions on the transfer of the assets of the joint venture;

(6) any encumbrance or restriction with respect to a Restricted Subsidiary (or any of its property or assets) imposed pursuant to an agreement entered

into for the direct or indirect sale or disposition to a Person of all or substantially all the Capital Stock or assets of such Restricted Subsidiary (or the property or assets that are subject to such restriction) pending the closing of such sale or disposition;

(7) customary provisions in leases, licenses, joint venture agreements and other similar agreements and instruments entered into in the ordinary course of business;

(8) encumbrances or restrictions arising or existing by reason of applicable law or any applicable rule, regulation or order, or required by any regulatory authority;

(9) any encumbrance or restriction on cash or other deposits or net worth imposed by customers under agreements entered into in the ordinary course of business;

(10) any encumbrance or restriction pursuant to Currency Agreements, Interest Rate Agreements or Commodity Hedging Agreements;

(11) any encumbrance or restriction arising pursuant to an agreement or instrument (a) relating to any Indebtedness permitted to be Incurred subsequent to the 2010 Issue Date pursuant to Section 4.05 if the encumbrances and restrictions contained in any such agreement or instrument taken as a whole are not materially less favorable to the Holders than (i) the encumbrances and restrictions contained in the Senior Facilities Agreement, together with the security documents associated therewith, as in effect on the 2010 Issue Date or (ii) in comparable financings (as determined in good faith by the Company) and where, in the case of clause (ii), the Company determines at the time of issuance of such Indebtedness that such encumbrances or restrictions will not adversely affect, in any material respect, the Issuers' ability to make principal or interest payments on the Notes; or

(12) any encumbrance or restriction existing by reason of any Lien permitted under Section 4.07.

SECTION 4.09 Limitation on Sales of Assets and Subsidiary Stock

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any Asset Disposition unless:

(1) the Company or such Restricted Subsidiary, as the case may be, receives consideration (including by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise) at least equal to the fair market value (such fair market value to be determined on the date of contractually agreeing to such Asset Disposition), as determined in good faith by the Board of Directors of the Company, of the shares and assets subject to such Asset Disposition (including, for the avoidance of doubt, if such Asset Disposition is a Permitted Asset Swap);

(2) in any such Asset Disposition, or series of related Asset Dispositions (except to the extent the Asset Disposition is a Permitted Asset Swap), at least 75% of the consideration from such Asset Disposition (excluding any consideration by way of relief from, or by any other Person assuming responsibility for, any liabilities, contingent or otherwise, other than Indebtedness) received by the Company or such Restricted Subsidiary, as the case may be, is in the form of cash, Cash Equivalents or Temporary Cash Investments; and

(3) an amount equal to 100% of the Net Available Cash from such Asset Disposition is applied by the Company or such Restricted Subsidiary, as the case may be:

(A) to the extent the Company or any Restricted Subsidiary, as the case may be, elects (or is required by the terms of any Indebtedness of a Restricted Subsidiary), (i) to prepay, repay or purchase any Indebtedness of a non-Guarantor Restricted Subsidiary (in each case, other than Indebtedness owed to the Company or any Restricted Subsidiary) or Indebtedness under the Super Priority Notes or the Senior Facilities Agreement (or any Refinancing Indebtedness in respect thereof) within 365 days from the later of (A) the date of such Asset Disposition and (B) the receipt of such Net Available Cash; *provided, however*, that, in connection with any prepayment, repayment or purchase of Indebtedness pursuant to this clause (a), the Company or such Restricted Subsidiary will retire such Indebtedness and will cause the related commitment (if any) (except in the case of the Senior Facilities Agreement) to be permanently reduced in an amount equal to the principal amount so prepaid, repaid or purchased; or (ii) to prepay, repay or purchase Pari Passu Indebtedness at a price of no more than 100% of the principal amount of such Pari Passu Indebtedness plus accrued and unpaid interest to the date of such prepayment, repayment or purchase; *provided* that the Company shall redeem, repay or repurchase Pari Passu Indebtedness pursuant to this clause (ii) only if the Company makes (at such time or subsequently in compliance with this Section 4.09) an offer to the Holders of the Notes to purchase their Notes in accordance with the provisions set forth below for an Asset Disposition Offer for an aggregate principal amount of Notes at least equal to the proportion that (x) the total aggregate principal amount of Notes outstanding bears to (y) the sum of the total aggregate principal amount of Notes outstanding plus the total aggregate principal amount outstanding of such Pari Passu Indebtedness; or

(B) to the extent the Company or such Restricted Subsidiary elects, to invest in or commit to invest in Additional Assets (including by means of an investment in Additional Assets by a Restricted Subsidiary with Net Available Cash received by the Company or another Restricted Subsidiary) within 365 days from the later of (i) the date of such Asset Disposition and (ii) the receipt of such Net Available Cash; *provided, however*, that any such reinvestment in Additional Assets made pursuant to a definitive binding agreement or a commitment approved by the Board of Directors of the Company that is executed or approved within such time will satisfy this requirement, so long as such investment is consummated within 180 days of such 365th day;

provided that, to the extent that any disposition in such Asset Disposition was of Collateral, the assets (including Voting Stock) acquired with the Net Cash Proceeds thereof are pledged as Collateral, subject to the Agreed Security Principles, under the Security Documents substantially simultaneously with such acquisition, in accordance with the requirements set forth in this Indenture; *provided* that, pending the final application of any such Net Available Cash in accordance with Section 4.09(a)(3)(A) or 4.09(a)(3)(B), the Company and its Restricted Subsidiaries may temporarily reduce Indebtedness or otherwise invest such Net Available Cash in any manner not prohibited by this Indenture.

(b) Any Net Available Cash from Asset Dispositions that is not applied or invested or committed to be applied or invested as provided in Section 4.09(a) will be deemed to constitute "*Excess Proceeds*" under this Indenture. On the 366th day after an Asset Disposition, if the aggregate amount of Excess Proceeds under this Indenture exceeds €50.0 million, the Issuers will be required to make an offer ("*Asset Disposition Offer*") to all holders of Notes and, to the extent the Issuers elect, to all holders of other outstanding Pari Passu Indebtedness, to purchase the maximum principal amount of Notes and any such Pari Passu Indebtedness to which the Asset Disposition Offer applies that may be purchased out of the Excess Proceeds, at an offer price in respect of the Notes in an amount equal to (and, in the case of any Pari Passu Indebtedness, an offer price of no more than) 100% of the principal amount of the Notes and 100% of the principal amount of Pari Passu Indebtedness, in each case, plus accrued and unpaid interest, if any, to, but not including, the date of purchase, in accordance with the procedures set forth in this Indenture or the agreements governing the Pari Passu Indebtedness, as applicable, and in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof.

(c) To the extent that the aggregate amount of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to an Asset Disposition Offer is less than the Excess Proceeds, the Issuers may use any remaining Excess Proceeds for general corporate purposes, subject to other covenants contained in this Indenture. If the aggregate principal amount of the Notes surrendered in any Asset Disposition Offer by Holders and other Pari Passu Indebtedness surrendered by holders or lenders, collectively, exceeds the amount of Excess Proceeds, the Excess Proceeds shall be allocated among the Notes and Pari Passu Indebtedness to be purchased on a pro rata basis on the basis of the aggregate principal amount of tendered Notes and Pari Passu Indebtedness. For the purposes of calculating the principal amount of any such Indebtedness not denominated in euro, including the Notes, such Indebtedness shall be calculated by converting any such principal amounts into their Euro Equivalent determined as of a date selected by the Issuers that is within the Asset Disposition Offer Period (as defined below). Upon completion of any Asset Disposition Offer, the amount of Excess Proceeds shall be reset at zero.

(d) To the extent that any portion of Net Available Cash payable in respect of the Notes is denominated in a currency other than U.S. dollars, the amount thereof payable in respect of the Notes shall not exceed the net amount of funds in U.S. dollars that is actually received by the Issuers upon converting such portion into U.S. dollars.

(e) The Asset Disposition Offer, in so far as it relates to the Notes, will remain open for a period of not less than 20 Business Days following its commencement (the "*Asset Disposition Offer Period*"). No later than five Business Days after the termination of the Asset Disposition Offer Period (the "*Asset Disposition Purchase Date*"), the Issuers will purchase the principal amount of Notes and, to the extent they elect, Pari Passu Indebtedness required to be purchased pursuant to this Section 4.09 (the "*Asset Disposition Offer Amount*") or, if less than the Asset Disposition Offer Amount has been so validly tendered, all Notes and Pari Passu Indebtedness validly tendered in response to the Asset Disposition Offer.

(f) On or before the Asset Disposition Purchase Date, the Issuers will, to the extent lawful, accept for payment, on a pro rata basis to the extent necessary, the Asset Disposition Offer Amount of Notes and Pari Passu Indebtedness or portions of Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn pursuant to the Asset Disposition Offer, or if less than the Asset Disposition Offer Amount has been validly tendered and not properly withdrawn, all Notes and Pari Passu Indebtedness so validly tendered and not properly withdrawn and in minimum denominations of $2,000 and in integral multiples of $1,000 in excess thereof. The Company will deliver to the Trustee an Officer's Certificate stating that such Notes or portions thereof were accepted for payment by the Company in accordance with the terms of this Section 4.09. The Company or the Paying Agent, as the case may be, will promptly (but in any case not later than five Business Days after termination of the Asset Disposition Offer Period) mail or deliver to each tendering Holder of Notes an amount equal to the purchase price of the Notes so validly tendered and not properly withdrawn by such Holder, and accepted by the Company for purchase, and the Company will promptly issue a new Note (or amend the Global Note), and the Trustee, upon delivery of an Officer's Certificate from the Company, will authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that each such new Note will be in a principal amount with a minimum denomination of $2,000 and in integral multiples of $1,000 in excess thereof. Any Note not so accepted will be promptly mailed or delivered (or transferred by book entry) by the Company to the Holder thereof.

(g) For the purposes of Section 4.09(a)(2), the following will be deemed to be cash:

(1) the assumption by the transferee of Indebtedness of the Company or Indebtedness of a Restricted Subsidiary (other than Subordinated Indebtedness of the Company or a Guarantor) and the release of the Company or such Restricted Subsidiary from all liability on such Indebtedness in connection with such Asset Disposition;

(2) securities, notes or other obligations received by the Company or any Restricted Subsidiary of the Company from the transferee that are converted by the Company or such Restricted Subsidiary into cash or Cash Equivalents within 180 days following the closing of such Asset Disposition;

(3) Indebtedness of any Restricted Subsidiary that is no longer a Restricted Subsidiary as a result of such Asset Disposition, to the extent that the Company and each other Restricted Subsidiary are released from any Guarantee of payment of such Indebtedness in connection with such Asset Disposition;

(4) consideration consisting of Indebtedness of the Company (other than Subordinated Indebtedness) received after the 2010 Issue Date from Persons who are not the Company or any Restricted Subsidiary; and

(5) any Designated Non-Cash Consideration received by the Company or any Restricted Subsidiary in such Asset Dispositions having an aggregate fair market value, taken together with all other Designated Non-Cash Consideration received pursuant to this Section 4.09 that is at that time outstanding, not to exceed the greater of €100.0 million and 1% of Total Assets (with the fair market value of each item of Designated Non-Cash Consideration being measured at the time received and without giving effect to subsequent changes in value).

(h) 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 Indenture. To the extent that the provisions of any securities laws or regulations (or exchange rules) conflict with provisions of this Section 4.09, the Company will comply with the applicable securities laws and regulations (or exchange rules) and will not be deemed to have breached its obligations under this Indenture by virtue of any conflict.

SECTION 4.10 Limitation on Affiliate Transactions

(a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, enter into or conduct any transaction (including the purchase, sale, lease or exchange of any property or the rendering of any service) with any Affiliate of the Company (an "*Affiliate Transaction*") involving aggregate value in excess of €20.0 million unless:

(1) the terms of such Affiliate Transaction taken as a whole are not materially less favorable to the Company or such Restricted Subsidiary, as the case may be, than those that could be obtained in a comparable transaction at the time of such transaction or the execution of the agreement providing for such transaction in arm's-length dealings with a Person who is not such an Affiliate; and

(2) in the event such Affiliate Transaction involves an aggregate value in excess of €50.0 million, the terms of such transaction have been approved by a majority of the members of the Board of Directors.

Any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in Section 4.10(a)(2) if such Affiliate Transaction is approved by a majority of the Disinterested Directors. If there are no Disinterested Directors, any Affiliate Transaction shall be deemed to have satisfied the requirements set forth in this Section 4.10 if the Company or any of its Restricted Subsidiaries, as the case may be, delivers to the Trustee a letter from an Independent Financial Advisor stating that such transaction is fair to the Company or such Restricted Subsidiary from a financial point of view or stating that the terms are not materially

less favorable to the Company or its relevant Restricted Subsidiary than those that would have been obtained in a comparable transaction by the Company or such Restricted Subsidiary with an unrelated Person on an arm's length basis.

(b) The provisions of Section 4.10(a) will not apply to:

(1) any Restricted Payment permitted to be made pursuant to Section 4.06, any Permitted Payments (other than pursuant to Section 4.06(c)(9)(b)) or any Permitted Investment (other than Permitted Investments as defined in paragraphs (1)(b), (2), (11) and (15) of the definition thereof);

(2) any issuance or sale of Capital Stock, options, other equity related interests or other securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, or entering into, or maintenance of, any employment, consulting, collective bargaining or benefit plan, program, agreement or arrangement, related trust or other similar agreement and other compensation arrangements, options, warrants or other rights to purchase Capital Stock of the Company, any Restricted Subsidiary or any Parent, restricted stock plans, long-term incentive plans, stock appreciation rights plans, participation plans or similar employee benefits or consultants' plans (including valuation, health, insurance, deferred compensation, severance, retirement, savings or similar plans, programs or arrangements) or indemnities provided on behalf of officers, employees, directors or consultants approved by the Board of Directors of the Company, in each case in the ordinary course of business;

(3) any Management Advances and any waiver or transaction with respect thereto;

(4) any transaction between or among the Company and any Restricted Subsidiary (or entity that becomes a Restricted Subsidiary as a result of such transaction), or between or among Restricted Subsidiaries;

(5) the payment of reasonable fees and reimbursement of expenses to, and customary indemnities (including under customary insurance policies) and employee benefit and pension expenses provided on behalf of, directors, officers, consultants or employees of the Company, any Restricted Subsidiary of the Company or any Parent (whether directly or indirectly and including through any Person owned or controlled by any of such directors, officers or employees);

(6) the entry into and performance of obligations of the Company or any of its Restricted Subsidiaries under the terms of any transaction arising out of, and any payments pursuant to or for purposes of funding, any agreement or instrument in effect as of or on the 2010 Issue Date, as these agreements and instruments may be amended, modified, supplemented, extended, renewed or refinanced from time to time in accordance with the other terms of this Section 4.10 or to the extent not more disadvantageous to the Holders in any material respect and the entry into and performance of any registration rights or other listing agreement in connection with any Public Offering;

(7) execution, delivery and performance of any Tax Sharing Agreement or the formation and maintenance of any consolidated group for tax, accounting or cash pooling or management purposes in the ordinary course of business;

(8) transactions with customers, clients, suppliers or purchasers or sellers of goods or services, in each case in the ordinary course of business, which are fair to the Company or the relevant Restricted Subsidiary in the reasonable determination of the Board of Directors or the Senior Management of the Company or the relevant Restricted Subsidiary, or are on terms no less favorable than those that could reasonably have been obtained at such time from an unaffiliated party;

(9) any transaction in the ordinary course of business between or among the Company or any Restricted Subsidiary and any Affiliate of the Company or an Associate or similar entity that would constitute an Affiliate Transaction solely because the Company or a Restricted Subsidiary or any Affiliate of the Company or a Restricted Subsidiary or any Affiliate of any Permitted Holder owns an equity interest in or otherwise controls such Affiliate, Associate or similar entity;

(10) (a) issuances or sales of Capital Stock (other than Disqualified Stock or Designated Preference Shares) of the Company or options, warrants or other rights to acquire such Capital Stock or Subordinated Shareholder Funding; *provided* that the interest rate and other financial terms of such Subordinated Shareholder Funding are approved by a majority of the members of the Board of Directors in their reasonable determination and (b) any amendment, waiver or other transaction with respect to any Subordinated Shareholder Funding in compliance with the other provisions of this Indenture;

(11) without duplication in respect of payments made pursuant to Section 4.10(b)(12) hereof, (a) payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) of annual customary management, consulting, monitoring or advisory fees and related expenses customary for portfolio companies of the Initial Investors described in clause (1) of the definition thereof and (b) customary payments by the Company or any Restricted Subsidiary to any Permitted Holder (whether directly or indirectly, including through any Parent) for financial advisory, financing, underwriting or placement services or in respect of other investment banking activities, including in connection with acquisitions or divestitures, which payments in respect of this clause (b) are approved by a majority of the Board of Directors in good faith; and

(12) payment to any Permitted Holder of all reasonable out of pocket expenses Incurred by such Permitted Holder in connection with its direct or indirect investment in the Company and its Subsidiaries.

SECTION 4.11 Reports

(a) For so long as any Notes are outstanding, the Company will provide to the Trustee the following reports:

(1) within 120 days after the end of the Company's fiscal year beginning with the first fiscal year ending after the Issue Date, annual reports containing, to the extent applicable, and in a level of detail that is comparable in all material respects to that included in the offering memorandum dated July 13, 2010 relating to the 2018 Notes, the following information: (a) audited consolidated balance sheets of the Company or its predecessor as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Company or its predecessor for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the independent auditors on the financial statements; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the most recently completed fiscal year; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, and liquidity and capital resources of the Company, and a discussion of material commitments and contingencies and critical accounting policies; (d) description of the business, management and shareholders of the Company, all material affiliate transactions and a description of all material contractual arrangements, including material debt instruments; and (e) a description of material risk factors and material recent developments;

(2) within 60 days following the end of the first three fiscal quarters in each fiscal year of the Company beginning with the quarter ending September 30, 2011, all quarterly reports of the Company containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the most recent quarter year-to-date period ending on the unaudited condensed balance sheet date, and the comparable prior year periods, together with condensed footnote disclosure; (b) unaudited *pro forma* income statement information and balance sheet information of the Company (which, for the avoidance of doubt, shall not include the provision of a full income statement or balance sheet to the extent not reasonably available), together with explanatory footnotes, for any material acquisitions, dispositions or recapitalizations that have occurred since the beginning of the relevant quarter; (c) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA and material changes in liquidity and capital resources of the Company, and a discussion of material changes not in the ordinary course of business in commitments and contingencies since the most recent report; and (d) material recent developments; and

(3) promptly after the occurrence of any material acquisition, disposition or restructuring or any senior executive officer changes at the Company or

change in auditors of the Company or any other material event that the Company or any of its Restricted Subsidiaries announces publicly, a report containing a description of such event.

All financial statement and *pro forma* financial information shall be prepared in accordance with GAAP as in effect on the date of such report or financial statement (or otherwise on the basis of GAAP as then in effect) and on a consistent basis for the periods presented; *provided, however*, that the reports set forth in Sections 4.11(a)(1), 4.11(a)(2) and 4.11(a)(3) may, in the event of a change in applicable GAAP, present earlier periods on a basis that applied to such periods. Except as provided for above, no report need include separate financial statements for any Subsidiaries of the Company. The filing of an Annual Report on Form 20-F within the time period specified in (1) will satisfy such provision.

(b) At any time that any of the Company's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Company, then the annual and quarterly financial information required by Sections 4.11(a)(1) and 4.11(a)(2) shall include either (i) a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Company and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Company or (ii) stand-alone audited or unaudited financial statements, as the case may be, of such Unrestricted Subsidiary or Unrestricted Subsidiaries (as a group or otherwise) together with an unaudited reconciliation to the financial information of the Company and its Subsidiaries, which reconciliation shall include the following items: revenue, EBITDA, net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense.

(c) Substantially concurrently with the issuance to the Trustee of the reports specified in Sections 4.11(a)(1), 4.11(a)(2) and 4.11(a)(3), the Company shall also (a) use its commercially reasonable efforts (i) to post copies of such reports on such website as may be then maintained by the Company and its Subsidiaries or (ii) otherwise to provide substantially comparable public availability of such reports (as determined by the Company in good faith) or (b) to the extent the Company determines in good faith that it cannot make such reports available in the manner described in the preceding clause (a) owing to applicable law or after the use of its commercially reasonable efforts, furnish such reports to the Holders and, upon their request, prospective purchasers of the Notes.

(d) So long as the Notes remain outstanding and during any period during which the Company is not subject to Section 13 or 15(d) of the Exchange Act nor exempt therefrom pursuant to Rule 12g3-2(b), the Company shall furnish to the Holders and, upon their request, prospective purchasers of the Notes, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act.

(e) Notwithstanding the foregoing, for so long as (i) the Notes are outstanding and (ii) NXP Semiconductors N.V. provides a Guarantee of the Notes, the obligations of the Company set forth in this covenant will be deemed satisfied if NXP Semiconductors N.V. furnishes to the Trustee, within the time periods specified, all reports that would be required to

be provided by the Company; provided that (x) NXP Semiconductors N.V. has no material assets (other than the Company's Capital Stock) or material liabilities (other than Guarantees of the Company's Indebtedness), or (y) the financial statements of NXP Semiconductors N.V. include a footnote presenting consolidating financial information (consistent with Rule 3-10 of Regulation S-X) with respect to NXP B.V. and its subsidiaries.

The Issuers will comply with Section 314(a) of the TIA.

SECTION 4.12 Guarantees by Restricted Subsidiaries

(a) The following Subsidiaries will fully and unconditionally guarantee the Notes on the Issue Date in accordance with Article 10: NXP Semiconductors Netherlands B.V., NXP Semiconductors Germany GmbH, NXP Semiconductors Taiwan Ltd., NXP Semiconductors Philippines Inc., NXP Semiconductors USA, Inc., NXP Semiconductors Hong Kong Limited, NXP Manufacturing (Thailand) Co. Ltd., NXP Semiconductors UK Limited and NXP Semiconductors Singapore Pte. Ltd, *provided* that if any such Subsidiary, other than NXP Semiconductors Netherlands B.V., does not provide such Note Guarantee on the Issue Date, the Company shall (subject to the Agreed Security Principles) cause such Subsidiary to provide a Note Guarantee as soon as practicable, and in any event not later than 60 days after the Issue Date. If the Company or any of its Restricted Subsidiaries acquires or creates a Wholly Owned Subsidiary (other than an Immaterial Subsidiary) after the Issue Date and the issuance of a Guarantee by such Guarantor is not precluded by the Agreed Security Principles, the new Restricted Subsidiary must within 30 days (or such longer period as the Trustee may agree) after becoming a Restricted Subsidiary, provide a Note Guarantee under this Indenture.

(b) A Restricted Subsidiary required to provide a Note Guarantee shall provide such Note Guarantee in accordance with the provisions of Section 10.07.

SECTION 4.13 Suspension of Covenants on Achievement of Investment Grade Status

If on any date following the Issue Date, the Notes have achieved Investment Grade Status and no Default or Event of Default has occurred and is continuing (a "*Suspension Event*"), then, beginning on that day and continuing until the Reversion Date, the following provisions of this Indenture will not apply to such Notes: Sections 4.05, 4.06, 4.08, 4.09, 4.10, 4.14 and 5.01(a)(3) and, in each case, any related default provision of this Indenture will cease to be effective and will not be applicable to the Company and its Restricted Subsidiaries. Such Sections and any related default provisions will again apply according to their terms from the first day on which a Suspension Event ceases to be in effect. Such Sections will not, however, be of any effect with regard to actions of the Company properly taken during the continuance of the Suspension Event, and Section 4.06 will be interpreted as if it has been in effect since the date of this Indenture except that no default will be deemed to have occurred solely by reason of a Restricted Payment made while Section 4.06 was suspended. On the Reversion Date, all Indebtedness Incurred during the continuance of the Suspension Event will be classified, at the Company's option, as having been Incurred pursuant to Section 4.05(a) or 4.05(b) (to the extent such Indebtedness would be permitted to be Incurred thereunder as of the Reversion Date and after giving effect to Indebtedness Incurred prior to the Suspension Event and outstanding on the

Reversion Date). To the extent such Indebtedness would not be so permitted to be incurred under Section 4.05(a) or 4.05(b), such Indebtedness will be deemed to have been outstanding on the Issue Date, so that it is classified as permitted under Section 4.05(b)(4)(b).

In addition, so long as each of Moody's and S&P (or another Nationally Recognized Statistical Ratings Organization which has provided a rating used to achieve Investment Grade Status) has been notified in advance that such Investment Grade Status will result in such release as set forth in Section 10.02(b)(5), all Liens securing the Notes will be released upon achievement of an Investment Grade rating, as shall any future obligation to grant further security or Note Guarantees. All such Liens, and such further obligation to grant Guarantees and security, shall be reinstated upon the Reversion Date.

SECTION 4.14 Impairment of Security Interest

The Company shall not, and shall not permit any Restricted Subsidiary to, take or omit to take any action that would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the Incurrence of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the Holders, and the Company shall not, and shall not permit any Restricted Subsidiary to, grant to any Person other than the Collateral Agents, for the benefit of the Trustee and the Holders and the other beneficiaries described in the Security Documents, any interest whatsoever in any of the Collateral, except that the Company and its Restricted Subsidiaries may Incur Permitted Collateral Liens and the Collateral may be discharged, transferred or released in accordance with this Indenture or the applicable Security Documents.

SECTION 4.15 [Reserved]

SECTION 4.16 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 propose to take with respect thereto, and (i) such action has been taken with respect to the recording, filing, re-recording and re-filing of this Indenture and the Security Documents (including financing statements or other instruments) as is necessary to maintain the security

interest intended to be created thereby for the benefit of the Holders, and reciting the details of such action, or (ii) no such action is necessary to maintain such Lien. 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 13.03 or obtained actual knowledge.

SECTION 4.17 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.

SECTION 4.18 [Reserved]

SECTION 4.19 Limitation on Business Activities 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 shall be a Wholly Owned Subsidiary of the Company at all times.

SECTION 4.20 Collateral

The Company shall, and shall cause each Restricted Subsidiary to, take all actions and execute and deliver all documents or deliverables, including each Security Document, to secure the payment obligations of the Issuers under the Notes and this Indenture (subject to the provisions of the Collateral Agency Agreement) by Liens on the Collateral in accordance with, within the time periods specified by, and subject to the limitations of, Section 12.01 (including the Agreed Security Principles).

SECTION 4.21 Equal and Ratable Security

In the event that assets of the Guarantor organized under the laws of the Philippines or the Capital Stock in such Guarantor are provided as security (other than through sharing the benefit of any conditional assignment granted by such Guarantor on the Issue Date) for Indebtedness for borrowed money in excess of an aggregate of €25,000,000, then the Company shall, or shall cause the relevant Restricted Subsidiary to, provide that the obligations of the Issuers under this Indenture are secured equally and ratably with all the Indebtedness that causes that threshold to be exceeded, for so long as such Indebtedness is so secured.

SECTION 4.22 Security Over Cash and Bank Accounts

(a) The Company has established bank accounts held, in each case, with the Global Collateral Agent in London and denominated in U.S. Dollars, euros and U.K. pounds sterling (each an "*Initial Secured Account*" and together the "*Initial Secured Accounts*") and deposited a nominal amount into each Initial Secured Account.

(b) Upon the occurrence of an Enforcement Event the Company shall, and shall procure that each of its Restricted Subsidiaries shall (i) pay the proceeds of the sale or collection of Collateral to a bank account or bank accounts that do not contain other cash of the Company or the relevant Restricted Subsidiary (as the case may be) that is not the proceeds of Collateral, (ii) not commingle the proceeds of Collateral with other cash of the Company or the relevant Restricted Subsidiary and (iii) pay the proceeds of Collateral denominated in U.S. Dollars, U.K. pounds sterling and euros that are paid to, or received by, the Company or a Restricted Subsidiary promptly to the relevant Initial Secured Account and, to the extent practicable, direct counterparties to pay the proceeds of Collateral directly to the relevant Initial Secured Account.

(c) Upon the occurrence of an Enforcement Event, the Company shall, and shall procure that each of its Restricted Subsidiaries shall, grant, subject to the Agreed Security Principles, a perfected Lien in all bank accounts held by the Company or any Restricted Subsidiary to which proceeds of Collateral are paid, to the extent of the proceeds of such Collateral (any such account, an "*Additional Secured Account*", and together with the Initial Secured Accounts, the "*Secured Accounts*"); *provided* that, to the extent any of the Additional Secured Accounts are or become part of the bank accounts used in the cash management system of the Company, the Company and its Restricted Subsidiaries shall each be entitled to grant a Lien over the Additional Secured Accounts in favor of the bank providing cash management facilities to secure the Company's obligations to such bank, which Lien shall rank equally and ratably with the Lien created in favor of the Global Collateral Agent.

SECTION 4.23 Parallel Debt

(a) Each of the obligors undertakes by way of an abstract acknowledgment of indebtedness with the Global Collateral Agent to pay to the Global Collateral Agent its Parallel Debts. The parties acknowledge that the Global Collateral Agent is the creditor of the Parallel Debts and shall act in its own name and not as agent of any of the Trustee, the Paying Agent, the Registrar and Transfer Agent, the Global Collateral Agent, the Taiwan Collateral Agent and/or the Holders (each a "*Secured Party*") (but always for the benefit of the Secured Parties in accordance with the provisions of the Secured Agreements).

(b) Paragraph (a) above is (i) for the purpose of ensuring the validity and effect of certain security rights governed by German laws, granted by any obligor pursuant to the Secured Agreements; and (ii) without prejudice to the other provisions of the Secured Agreements.

(c) Each Parallel Debt is a separate and independent obligation and shall not constitute the Global Collateral Agent and any Secured Party as joint and several creditors of any Underlying Debt.

SECTION 4.24 Payment

(a) No obligor may pay any Parallel Debt other than at the instruction of, and in the manner determined by, the Global Collateral Agent.

(b) Without prejudice to clause (a) above, no obligor shall be obliged to pay any Parallel Debt before the Underlying Debt has fallen due.

SECTION 4.25 Application

Any payment made, or amount recovered, in respect of an obligor's Parallel Debts shall reduce the Underlying Debts owed to any Secured Party by the amount at which that Secured Party is entitled to receive out of that payment or recovery under the Secured Agreements and shall be applied in accordance with Article 4 of the Collateral Agency Agreement.

SECTION 4.26 Dutch Security Rights

For purposes of Dutch Security Rights (as defined in the Collateral Agency Agreement), Article 11 of the Collateral Agency Agreement and the defined terms therein shall apply and shall remain unaffected by the provisions of Section 4.23 up to and including Section 4.25 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 convey, transfer or lease all or substantially all its assets to, any Person, unless:

(1) the resulting, surviving or transferee Person (the "*Successor Company*") will be a Person organized and existing under the laws of any member state of the European Union on January 1, 2004, or the United States, any State of the United States or the District of Columbia, Canada or any province of Canada, Norway or Switzerland and the Successor Company (if not the Company) will expressly assume, (a) 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 and (b) all obligations of the Company under the Security Documents;

(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;

(3) immediately after giving effect to such transaction, either (a) the Successor Company would be able to Incur at least an additional €1.00 of Indebtedness pursuant to Section 4.05(a) or (b) the Fixed Charge Coverage Ratio would not be lower than it was immediately prior to giving effect to such transaction; and

(4) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each to the effect that such consolidation, merger or transfer and such supplemental indenture (if any) comply with this Indenture and 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 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) and 5.01(a)(3).

(b) Any Indebtedness that becomes an obligation of the Company or any Restricted Subsidiary (or that is deemed to be Incurred by any Restricted Subsidiary that becomes a Restricted Subsidiary) as a result of any such transaction undertaken in compliance with Section 5.01(a), and any Refinancing Indebtedness with respect thereto, shall be deemed to have been Incurred in compliance with Section 4.05.

(c) For purposes of this Section 5.01, the sale, lease, conveyance, assignment, transfer, or other disposition of all or substantially all of the properties and assets of one or more Subsidiaries of the Company, which properties and assets, if held by the Company instead of such Subsidiaries, would constitute all or substantially all of the properties and assets of the Company on a consolidated basis, shall be deemed to be the transfer of all or substantially all of the properties and assets of the Company.

(d) The Successor Company will succeed to, and be substituted for, and may exercise every right and power of, the Company under this Indenture but in the case of a lease of all or substantially all its assets, the predecessor company will not be released from its obligations under this Indenture or the Notes.

(e) Notwithstanding Sections 5.01(a)(2) and 5.01(a)(3) (which do not apply to transactions referred to in this Section 5.01(e)) and, other than with respect to Sections 5.01(c) and 5.01(a)(4), (a) any Restricted Subsidiary of the Company may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to the Company and (b) any Restricted Subsidiary may consolidate or otherwise combine with, merge into or transfer all or part of its properties and assets to any other Restricted Subsidiary. Notwithstanding Sections 5.01(a)(2) and 5.01(a)(3) (which do not apply to the transactions referred to in Section 5.01(e)), the Company may consolidate or otherwise combine with or merge into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company, reincorporating the Company in another jurisdiction, or changing the legal form of the Company.

(f) The provisions of this Section 5.01 (other than the requirements of Section 5.01(a)(2)) shall not apply to the creation of a new subsidiary as a Restricted Subsidiary of the Company.

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:

(1) concurrently therewith, a Subsidiary of the Company that is a limited liability company or corporation organized under the laws of the United States or 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 of the obligations of the Co-Issuer under the Notes, the Security Documents and this Indenture; or

(2) after giving effect to the transaction, at least one obligor on the Notes is a limited liability company or corporation organized under the laws of the United States or any state thereof or the District of Columbia.

(b) Upon the consummation of any transaction effected in accordance with SECTION 5.02(a), the resulting, surviving or transferee Co-Issuer will succeed to, and be substituted for, and may exercise every right and power of, the Co-Issuer under this Indenture and the Notes with the same effect as if such successor Person had been named as the Co-Issuer in this Indenture. Upon such substitution, the Co-Issuer will be released from its obligations under this Indenture and the Notes.

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 any Restricted Subsidiary that is 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 the Security Documents; 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 (in each case other than to the Company or a Restricted Subsidiary) otherwise permitted by this Indenture.

ARTICLE 6

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, continued for 30 days;

(2) default in the payment of the principal amount of or premium, if any, on any Note when due at its Stated Maturity, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in principal amount of the outstanding Notes with any of the Issuers, obligations under Article 4 or 5 (in each case, other than a failure to purchase Notes which will constitute an Event of Default under Section 6.01(a)(2));

(4) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in principal amount of the outstanding Notes with the Issuers other agreements contained in this Indenture;

(5) 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 Restricted Subsidiaries (or the payment of which is Guaranteed by either Issuer any of its Restricted Subsidiaries) other than Indebtedness owed to either Issuer or a Restricted 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 of, or interest or premium, if any, 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 principal amount of any such Indebtedness, together with the 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 €100.0 million or more;

(6) either Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuers and their Restricted Subsidiaries), would constitute 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;

(7) failure by the Issuers or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuers and their Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €100.0 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;

(8) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the relevant Security Document and this Indenture) for any reason other than the satisfaction in full of all obligations under this Indenture or the release or amendment of any such security interest in accordance with the terms of this Indenture or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or either Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; and

(9) 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 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), 6.01(a)(4), 6.01(a)(5) or 6.01(a)(7) will not constitute an Event of Default until the Trustee or the Holders of 30% in 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), 6.01(a)(4), 6.01(a)(5) or 6.01(a)(7), 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)(6) above) occurs and is continuing the Trustee by notice to the Issuers or the Holders of at least 30% in principal amount of the outstanding Notes under this Indenture by written notice to the Issuers 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)(5) 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)(5) 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)(6) 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.

To the extent permitted by the Collateral Agency Agreement, the Trustee may direct the Collateral Agent to take enforcement action with respect to the Collateral if any amount is declared or becomes due and payable pursuant to Section 6.02 (but not otherwise).

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 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, premium (if any) or interest when due on the Notes, no Holder may pursue any remedy with respect to this Indenture or the Notes unless:

(1) the Holder gives to the Trustee written notice stating that an Event of Default is continuing;

(2) the Holders of at least 30% in principal amount of the Notes then outstanding make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer in writing to the Trustee reasonable security or indemnity against any loss, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the written request and the offer of security or indemnity; and

(5) the Holders of a majority in principal amount of the Notes then outstanding do not give the Trustee a written direction that, in the opinion of the Trustee is, inconsistent with the request during 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, subject to Section 4 of the Collateral Agency Agreement, pay out the money or property in the following order:

FIRST: to the Trustee 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.

The Collateral Agents shall apply the proceeds of the Collateral as directed by the Collateral Agency Agreement.

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 bad faith 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 negligent action, its own 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 or under the Security Documents to take or omit to take any action under this Indenture or under the Security Documents or take any action at the request or direction of Holders including without limitation in relation to lender liability claims for restitution by creditors of any pledgor, in each case, arising in connection with any action or direction given in relation to the Security Documents 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. No provision of this Indenture or of the Security Document shall require the Trustee to indemnify the Collateral Agents, and the Collateral Agents waive any claim they may otherwise have by operation of law in any jurisdiction to be indemnified by the Trustee acting as principal vis a vis its agent, the Collateral Agents (but this does not prejudice the Collateral Agents' rights to bring any claim or suit against the Trustee (including for damages in the case of the negligence or willful misconduct of the Trustee)).

(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. Delivery of reports, information and documents to the Trustee under Section 4.11 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Issuers' compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officer's Certificates).

(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, Paying Agent and Calculation Agent). Each Transfer Agent, Paying Agent and Calculation 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) At any time the security granted pursuant to the Security Documents has become enforceable and the Holders have given written direction to the Trustee to enforce such security, the Trustee is not required to give any direction to the Collateral Agents with respect thereto unless it has been indemnified in accordance with Section 7.01(e). In any event, in connection with any enforcement of such security, the Trustee is not responsible for:

(1) any failure of the Collateral Agents to enforce such security within a reasonable time or at all;

(2) any failure of the Collateral Agents to pay over the proceeds of enforcement of the security;

(3) any failure of the Collateral Agents to realize such security for the best price obtainable;

(4) monitoring the activities of the Collateral Agents in relation to such enforcement;

(5) taking any enforcement action itself in relation to such security;

(6) agreeing to any proposed course of action by the Collateral Agents which could result in the Trustee incurring any liability for its own account; or

(7) paying any fees, costs or expenses of the Collateral Agents.

(o) 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.

(p) 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 no 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

(q) 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.

However, the Trustee is subject to TIA Sections 310(b) and 311. For purposes of TIA Section 311(b)(4) and (6):

(a) "*cash transaction*" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand; and

(b) "*self-liquidating paper*" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a Lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security,

provided the security is received by the Trustee simultaneously with the creation of the creditor relationship arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

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 13.03 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 the Issuer or by any other person, 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. In the event of the Trustee and the Issuers failing to agree upon whether such duties shall be of an exceptional nature or otherwise outside the scope of the normal duties of the Trustee, or upon such additional remuneration, such matters shall be determined by an investment bank (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuers or, failing such approval, nominated (on the application of the Trustee) by the President of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such investment bank being payable by the Issuers) and the determination of any such investment bank shall be final and binding upon the Trustee and the Issuers.

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, the Collateral Agents 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 or under the Security Documents, as the case may be.

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, or under the Security Documents, as the case may be. 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.

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.

(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 the Security Documents or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted 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. The Trustee shall be under no obligation to monitor or supervise the functions of the Collateral Agents under the Security Documents and shall be entitled to assume that the Collateral Agents are properly performing their functions and obligations thereunder and the Trustee shall not be responsible for any diminution in the value of or loss occasioned to the assets subject thereto by reason of an act or omission by the Collateral Agents in relation to its functions thereunder. The Trustee shall have no responsibility whatsoever to the Issuer, any Note Guarantor or any Holder as regards any deficiency which might arise because the Trustee is subject to any tax in respect of the Security Documents, the security created thereby or any part thereof or any income therefrom or any proceeds thereof.

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, this Indenture and the Security Documents 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 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 Section 4.01) 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), 6.01(a)(7), 6.01(a)(8) and 6.01(a)(9) ("*covenant defeasance option*"). The Issuers at their option at any time may exercise their legal defeasance option notwithstanding its prior exercise of its 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, the Collateral will be released and 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, this Article 8 and Section 12.06, 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, 8.06 and 12.06, as applicable, shall survive.

SECTION 8.02 Conditions to Defeasance

(a) The Issuers may exercise its legal defeasance option or its covenant defeasance option only if:

(1) an Issuer has irrevocably deposited in trust (the "*defeasance trust*") with the Trustee 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 holders 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 Opinion of Counsel to the effect that, as of the date of such opinion and subject to customary assumptions and exclusions, following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, liquidation, reorganization, administration, moratorium, receivership or similar laws affecting creditors' rights generally under any applicable U.S. federal or state law and that the Trustee has a perfected security interest in such trust funds for the ratable benefit of the Holders;

(C) 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 or any Note Guarantors;

(D) 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;

(E) 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

(F) the Issuers deliver to the Trustee all other documents or other information that the Trustee may reasonably require in connection with either defeasance option.

(2) 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 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. Money and securities so held in trust are not subject to the Collateral Agency Agreement.

SECTION 8.04 Repayment to Issuers

The Trustee and the Paying Agent shall promptly turn over to the Issuers upon request any money or 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 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 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 Government Obligations or the principal and interest received on such Government Obligations.

SECTION 8.06 Reinstatement

If the Trustee or Paying Agent is unable to apply any money or 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 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 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, or reduce the minimum denomination of the Notes;

(2) provide for the assumption by a successor Person of the obligations of the Issuers under any Note Document;

(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 purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);

(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 or any Restricted Subsidiary;

(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 in good faith by the Issuers) for the issuance of Additional Notes;

(8) to provide for any Restricted Subsidiary to provide a Guarantee in accordance with Section 4.05, to add Guarantees with respect to the Notes, to add security to or for the benefit of the Notes, or to confirm and evidence the release, termination, discharge or retaking of any Guarantee or Lien (including the Collateral and the Security Documents) with respect to or securing the Notes when such release, termination, discharge or retaking is provided for under this Indenture or the Security Documents;

(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; or

(10) in the case of the Security Documents, to mortgage, pledge, hypothecate or grant a security interest in favor of the Collateral Agents for the benefit of parties to the Senior Facilities Agreement, in any property which is required by the Senior Facilities Agreement (as in effect on the 2010 Issue Date) to be mortgaged, pledged or hypothecated, or in which a security interest is required to be granted to the Collateral Agents, or to the extent necessary to grant a security interest for the benefit of any Person; provided, that the granting of such security interest is not prohibited by this Indenture and Section 4.14 is complied with.

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 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 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%) of the then outstanding 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 the security interest granted for the benefit of the Holders in the Collateral other than pursuant to the terms of the Security Document or as otherwise permitted by this Indenture;

(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 and Collateral Agents to Sign Amendments

The Trustee and the Collateral Agents shall sign any amendment authorized pursuant to this Article 9 if the amendment does not impose any personal obligations on the Trustee or the Collateral Agents or adversely affect the rights, duties, liabilities or immunities of the Trustee and the Collateral Agents under this Indenture. If it does, the Trustee or the Collateral Agents may, but need not sign it. In signing such amendment the Trustee and the Collateral Agents 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.

ARTICLE 10

Note Guarantees

SECTION 10.01 Note Guarantees.

(a) Subject to the limitations set forth in Schedule 10.1, each Restricted Subsidiary that is required to become a Note Guarantor pursuant to Section 4.12 hereof hereby irrevocably Guarantees (collectively, the "*Note Guarantees*"), as primary obligor and not merely as surety, on a senior basis to each Holder, the Collateral Agents (on behalf of and for the benefit of Holders, for the purpose of this Article 10, and not in their individual capacities, but solely in their roles as representatives of the Holders in holding and enforcing the Collateral and the Security Documents), 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 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, the Collateral Agents on behalf of the Holders 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, the Collateral Agents or the Trustee for the Guaranteed Obligations or any of them; (v) the failure of any Holder, the Collateral Agents on behalf of the Holders 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) [Reserved].

(g) 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 4.12, 4.13, 8.01(b), 10.02, Schedule 10.1 and the terms of any Note Guarantee Supplement, 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.

(h) 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.

(i) 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.

(j) 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.

(k) 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.

(l) 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.

(m) The Collateral Agents may only assert a claim or demand or enforce a right or remedy with respect to the Note Guarantees at the direction of the Trustee. The Trustee may direct the Collateral Agents to take enforcement action with respect to the Note Guarantees if any amount is declared or becomes due and payable pursuant to Section 6.02 (but not otherwise).

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) For the avoidance of doubt and without prejudice to Section 10.02(a) above, in the case of a Note Guarantor incorporated in Singapore, until the date of completion of the "whitewash" procedures described in Section 12.01(a)(3) of this Indenture, the obligations or liabilities of such Note Guarantor under this Indenture shall exclude any obligation or liability, which, if it were so included, would result in this Indenture contravening Section 76 of the Companies Act, Chapter 50, of Singapore.

(c) A Note Guarantee as to any Note Guarantor shall terminate 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 Guarantor or the sale or disposition of all or substantially all the assets of the Guarantor (other than to the Company or a Restricted Subsidiary) otherwise permitted by this Indenture,

(2) the designation in accordance with this Indenture of the Guarantor as an Unrestricted Subsidiary,

(3) defeasance or discharge of the Notes, as provided in Article 8,

(4) to the extent that such Guarantor is not an Immaterial Subsidiary solely due to the operation of clause (1) of the definition of "Immaterial Subsidiary," upon the release of the guarantee referred to in such clause, or

(5) upon the achievement of Investment Grade Status by the Notes so long as each of Moody's and S&P (or another Nationally Recognized Statistical Ratings Organization which has provided a rating used to achieve Investment Grade Status) has been notified in advance that such Investment Grade Status will result in the termination of such Note Guarantee; *provided* that such Note Guarantee shall, subject to the Agreed Security Principles, be reinstated upon the Reversion Date.

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(c). 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 Collateral Agents, 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 [Reserved]

SECTION 10.07 Execution of Note Guarantee Supplement for Note Guarantors

Each Subsidiary which is required to become a Note Guarantor pursuant to this Indenture on the Issue Date shall evidence such Note Guarantee by executing and delivering this Indenture. Each Subsidiary which is required in the future to become a Note Guarantor shall promptly execute and deliver to the Trustee a note guarantee supplement in the form of Exhibit D hereto pursuant to which such Subsidiary shall become a Note Guarantor under this Article 10 and shall guarantee the Guaranteed Obligations. Concurrently with the execution and delivery of such note guarantee supplement, the Issuers shall deliver to the Trustee an Opinion of Counsel and an Officer's Certificate to the effect that such note guarantee supplement complies with this Indenture and has been duly authorized, executed and delivered by such Subsidiary and that,

subject to the application of bankruptcy, insolvency, moratorium, fraudulent conveyance or transfer and other similar laws relating to creditors' rights generally and to the principles of equity, whether considered in a proceeding at law or in equity, the Note Guarantee of such Note Guarantor is a legal, valid and binding obligation of such Note Guarantor, enforceable against such Note Guarantor in accordance with its terms and to such other matters as the Trustee may reasonably request.

SECTION 10.08 Non-Impairment

The failure to endorse a Note Guarantee on any Note shall not affect or impair the validity thereof.

ARTICLE 11

[Reserved]

ARTICLE 12

Collateral, Security Documents and the Collateral Agents.

SECTION 12.01 Collateral and Security Documents

(a) Subject to the Agreed Security Principles, the payment obligations of the Issuers under the Notes and this Indenture will be secured on a first priority basis by Liens on the Collateral. All such Liens over the intended Collateral pursuant to any Security Document listed on Schedule 1.1 shall be in place, and any action or deliverable related to the creation or perfection of Liens over the intended Collateral shall be taken or provided, as soon as practicable but no later than 60 days after the Issue Date (*provided* that no such action or deliverable will be necessary in respect of any Security Document governed by Japanese law), subject to the following:

(1) NXP Semiconductors Singapore Pte. Ltd shall progress the necessary "whitewash" procedures under Section 76 of the Companies Act (Chapter 50 of Singapore) in Singapore as soon as practicable after the Issue Date. Once the necessary "whitewash" procedures are completed, NXP Semiconductors Singapore Pte. Ltd. shall promptly execute any requested documents to effectively secure all Guaranteed Obligations in respect of liabilities or obligations relating to the Notes.

It is understood that each of the Company and its Subsidiaries will be deemed to have acted "*as soon as practicable*," if such Company or Subsidiary employs commercially reasonable efforts to effect the actions specified in this Section 12.01(a), and that it will not be a breach of this Section 12.01(a) to effect the actions "*as soon as practicable*" due solely to the failure to accomplish such action if otherwise using commercially reasonable efforts.

(b) Each of the Issuers, the Trustee and the Holders agree that the Collateral Agents shall be the joint creditors (together with the Holders) of each and every obligation of the parties hereto under the Notes and this Indenture, and that accordingly the Collateral Agents will

have its own independent right to demand performance by the Issuers of those obligations, except that such demand shall only be made with the prior written consent of the Trustee or as otherwise permitted under the Collateral Agency Agreement. However, any discharge of such obligation to the Collateral Agents, on the one hand, or to the Trustee or the Holders, as applicable, on the other hand, shall, to the same extent, discharge the corresponding obligation owing to the other.

(c) The Collateral Agents agree that it will hold the security interests in Collateral created under the Security Documents to which it is a party as contemplated by this Indenture and the Collateral Agency Agreement, and any and all proceeds thereof, for the benefit of, among others, the Trustee and the Holders, without limiting the Collateral Agents' rights including under Section 12.02, to act in preservation of the security interest in the Collateral. The Collateral Agents will take action or refrain from taking action in connection therewith only as directed by the Trustee, subject to the terms of the Collateral Agency Agreement.

(d) Each Holder, by accepting a Note, shall be deemed to have agreed to all the terms and provisions of the Security Documents and the Collateral Agency Agreement. The claims of Holders will be subject to the Collateral Agency Agreement (whether then entered into or entered into in the future pursuant to this Indenture). In the event of a conflict between this Indenture and the Collateral Agency Agreement, the Collateral Agency Agreement shall prevail.

(e) (1) Subject to the Agreed Security Principles, within 60 days after (or such longer period as the Collateral Agents may agree to in writing) (i) any Restricted Subsidiary becomes a Guarantor in accordance with Section 4.12 or (ii) any Issuer or Guarantor acquires any material property that is not automatically subject to a perfected security interest under the Security Documents, the relevant Issuer or Guarantor shall, in each case at its sole cost and expense, duly execute and deliver to the Collateral Agents such mortgages, security agreement supplements and other security documents, as reasonably specified by and in form and substance reasonably satisfactory to the Collateral Agents (in form and scope, and covering such Collateral on such terms, in each case consistent with the mortgages, security agreements and other security documents in effect on the Issue Date), granting a security interest in favor of the secured parties under the Security Documents, and take such additional actions (including the giving of notices, the filing of statements and the provision of all instruments and documents reasonably requested by the Collateral Agents) to perfect and protect such security interests of the secured parties under the Security Documents. Notwithstanding the foregoing, no Issuer or Guarantor shall be required to provide a security interest pursuant to this Section 12.01(e) (x) except as provided in Section 4.22, in cash or bank accounts prior to the occurrence of an Enforcement Event, (y) if the Agreed Security Principles would not so require or (z) over assets or properties that are not subject to Liens under the Security Documents specifically set forth on Schedule 1.1 (whether or not such Security Documents shall have been executed on the Issue Date) (as in effect on the date hereof) as a result of the application of the Agreed Security Principles. Any security interest provided pursuant to this Section 12.01(e) shall be accompanied with such opinions of counsel to the Company as customarily given by Company's counsel in the relevant jurisdiction, in form and substance customary for such jurisdiction. The Company will use reasonable endeavors to procure that its counsel in any relevant jurisdiction provides a legal opinion in respect of any such security interest.

(2) Subject to the Agreed Security Principles, promptly upon request by the Collateral Agents, the Issuers shall (a) correct any material defect or error that may be discovered in any Security Documents or in the execution, acknowledgment, filing or recordation thereof, and (b) do, execute, acknowledge, deliver, record, re-record, file, re-file, register and re-register any and all such further acts, deeds, certificates, assurances and other instruments as the Collateral Agents, may reasonably require from time to time in order to carry out more effectively the purposes of any Security Documents.

(3) The Company will not be required to comply with Section 314(b) or Section 314(d) of the TIA.

SECTION 12.02 Suits To Protect the Collateral

Subject to the provisions of the Security Documents and the Collateral Agency Agreement, the Collateral Agents shall have the power to institute and to maintain such suits and proceedings as it may deem expedient to prevent any impairment of the Collateral by any acts which may be unlawful or in violation of any of the Security Documents or this Indenture, and such suits and proceedings as the Collateral Agents, in their sole discretion, may deem expedient to preserve or protect the security interests in the Collateral created under the Security Documents (including the power to institute and maintain suits or proceedings to restrain the enforcement of or compliance with any legislative or other governmental enactment, rule or order that may be unconstitutional or otherwise invalid if the enforcement of, or compliance with, such enactment, rule or order would impair the Lien on the Collateral or be prejudicial to the interests of the Holders or the Trustee).

SECTION 12.03 Resignation and Replacement of the Collateral Agents

(a) Any resignation or replacement of, a Collateral Agent shall be made in accordance with the Collateral Agency Agreement.

SECTION 12.04 Amendments and Additional Agency Agreements

(a) At the request of the Issuers, in connection with the Incurrence or refinancing by the Company or its Restricted Subsidiaries of any Indebtedness secured or permitted to be secured on the Collateral, the Issuers, the relevant Restricted Subsidiaries and the Trustee shall enter into a collateral agency or similar agreement (an "*Additional Agency Agreement*") with the holders of such Indebtedness (or their duly authorized representatives) on substantially the same terms as the Collateral Agency Agreement (or on terms not materially less favorable to the Holders), including containing substantially the same terms with respect to the application of the proceeds of the Collateral held thereunder and the means of enforcement; provided that such Additional Agency Agreement will not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under this Indenture or the Collateral Agency Agreement. As used herein, the term "*Collateral Agency Agreement*" shall include references to any Additional Agency Agreement that supplements or replaces the Collateral Agency Agreement entered into prior to the Issue Date.

(b) At the written direction of the Issuers and without the consent of Holders, the Trustee shall from time to time enter into one or more amendments to any Collateral Agency Agreement to: (1) cure any ambiguity, omission, defect or inconsistency of any such agreement, (2) increase the amount or types of Indebtedness covered by any such agreement that may be Incurred by the Issuers that is subject to any such agreement (provided that such Indebtedness is Incurred in compliance with this Indenture), (3) add Restricted Subsidiaries to the Collateral Agency Agreement, (4) further secure the Notes (including Additional Notes), (5) make provision for equal and ratable pledges of the Collateral to secure Additional Notes or to implement any Permitted Collateral Liens or (6) make any other change to any such agreement that does not adversely affect the Holders of Notes in any material respect. The Issuers shall not otherwise direct the Trustee to enter into any amendment to any Collateral Agency Agreement without the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, except as otherwise permitted below under Article 9 or as permitted by the terms of such Collateral Agency Agreement, and the Issuers may only direct the Trustee to enter into any amendment to the extent such amendment does not impose any personal obligations on the Trustee or, in the opinion of the Trustee, adversely affect the rights, duties, liabilities or immunities of the Trustee under this Indenture or any Collateral Agency Agreement.

(c) Each Holder, by accepting a Note, shall be deemed to have agreed to and accepted the terms and conditions of any Collateral Agency Agreement (whether then entered into or entered into in the future pursuant to the provisions described herein).

SECTION 12.05 Release of Liens

The Liens on the Collateral securing the Notes will be released:

(a) upon payment in full of principal, interest and all other obligations on the Notes or discharge or defeasance thereof;

(b) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor);

(c) in connection with any disposition of Collateral to (i) any Person other than the Company or any of its Restricted Subsidiaries (but excluding any transaction subject to Section 5.01) that is permitted by this Indenture (with respect to the Lien on such Collateral) or (ii) any Restricted Subsidiary that is not a Guarantor; provided that the net aggregate amount of Collateral that may be released pursuant to this clause (c) from and after the 2010 Issue Date shall not exceed the greater of €200.0 million and 2% of Total Assets (measured at the time of a proposed transfer);

(d) upon the achievement of Investment Grade Status by the Notes so long as each of Moody’s and S&P (or another Nationally Recognized Statistical Ratings Organization which has provided a rating used to achieve Investment Grade Status) has been notified in advance that such Investment Grade Status will result in such release; provided that such Liens shall, subject to the Agreed Security Principles, be reinstated upon the Reversion Date; and

(e) automatically without any action by the Trustee or the Collateral Agents, if the Lien granted in favor of the Senior Facilities Agreement is released (other than pursuant to the repayment and discharge thereof); provided that such release would otherwise be permitted by another clause above.

Each of these releases shall be effected by the Collateral Agents without the consent of the Holders or any action on the part of the Trustee (except for (e) as to which no action will be required of the Collateral Agents unless requested by the Company).

SECTION 12.06 Compensation and Indemnity

The compensation and indemnification of the Collateral Agents shall be as set forth in the Collateral Agency Agreement.

SECTION 12.07 Conflicts

Each of the Issuers, the Note Guarantors (if any), the Trustee and the Holders acknowledge and agree that the Collateral Agents are acting as collateral agents and trustee not just on their behalf but also on behalf of the Secured Parties named in the Collateral Agency Agreement and acknowledge and agree that pursuant to the terms of the Collateral Agency Agreement, the Collateral Agents may be required by the terms thereof to act in a manner which may conflict with the interests of the Issuers, the Note Guarantors, the Trustee and the Holders (including the Holders' interests in the Collateral and the Note Guarantees) and that it shall be entitled to do so in accordance with the terms of the Collateral Agency Agreement.

SECTION 12.08 Appointment and Authorization

The Issuers have, and by accepting a Note, each Holder will be deemed to have (a) irrevocably appointed each of Morgan Stanley Senior Funding, Inc. as Global Collateral Agent, and Mizuho Corporate Bank Ltd. as Taiwan Collateral Agent, to act as its agent and under the Collateral Agency Agreement and the other relevant documents to which it is a party (including, without limitation, the Security Documents); and (b) irrevocably authorized the Collateral Agents to (i) perform the duties and exercise the rights, powers and discretions that are specifically given to them under the Collateral Agency Agreement or other documents to which they are a party, together with any other incidental rights, power and discretions; and (ii) execute each document expressed to be executed by the Collateral Agents on their behalf.

SECTION 12.09 Joint and Several Claims

The Issuers and the Trustee (for itself and as trustee on behalf of the Holders) hereby agree that the Trustee and each of the Holders (including the Taiwan Collateral Agent) shall be a creditor jointly and severally with each other with respect to the rights and claims against the Issuers hereunder and under any of the other Note Documents pursuant to Article 283 of the Republic of China Civil Code.

SECTION 12.10 Holding of Taiwan Collateral

The Taiwan Collateral Agent shall hold, and be entitled to enforce, the Collateral located in or related to the Republic of China as a joint and several creditor; provided that nothing in Section 12.09 above or this Section 12.10 shall release the Taiwan Collateral Agent, the Trustee or any Holder from its obligations as to actions requiring authorization of the Required Secured Parties under Section 4 of the Collateral Agency Agreement.

ARTICLE 13

Miscellaneous

SECTION 13.01 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 13.02 Noteholder Communications; Noteholder Actions

(a) The rights of Holders to communicate with other Holders with respect to the 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 13.03 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, Transfer Agent and Calculation Agent:

Deutsche Bank Trust Company Americas
60 Wall Street
27th Floor
New York, New York 10005
United States
Attention of:
Trust and Securities Services

with a copy to:

Deutsche Bank National Trust Company for Deutsche Bank Trust
Company Americas
MSJCY03-0599
100 Plaza One – 6th Floor
Jersey City, New Jersey 07311
United States
Attention of:
Trust and Securities Services
Fax: +(1) 732 578 4635

if to the Global Collateral Agent:

Morgan Stanley Senior Funds, Inc.
20 Cabot Square
Canary Wharf
London E14 4QW
England
Attention of: David Hobbs
Fax: +(44) 20 7056 3377

if to the Taiwan Collateral Agent:

Mizuho Corporate Bank, Ltd.
Bracken House
One Friday Street
London EC4M 9JA
England
Attention of: Neil Rickard
Fax: +(44) 20 7012 4304

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 Depositary 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 13.03.

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 or send 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 13.04 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 13.05 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 4.16) 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 13.06 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 13.07 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 13.08 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 13.09 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 13.10 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 13.11 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 13.12 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 13.13 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 13.14 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 13.15 USA PATRIOT Act

The parties hereto acknowledge that in order to help the United States government fight the funding of terrorism and money laundering activities, pursuant to Federal regulations that became effective on October 1, 2003 (Section 326 of the USA PATRIOT Act) all financial institutions are required to obtain, verify, record and update information that identifies each person establishing a relationship or opening an account. The parties to this Agreement agree that they will provide to the Trustee such information as it may request, from time to time, in order for the Trustee to satisfy the requirements of the USA PATRIOT Act, including but not limited to the name, address, tax identification number and other information that will allow it to identify the individual or entity who is establishing the relationship or opening the account and may also ask for formation documents such as articles of incorporation or other identifying documents to be provided.

SECTION 13.16 Force Majeure

The Trustee 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).

IN WITNESS WHEREOF, the parties have caused this Indenture to be duly executed as of the date first written above.

NXP B.V.

by _____
Name:
Title:

NXP FUNDING LLC

by _____
Name:
Title:

[Signature Page to Indenture]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee and as Paying Agent, Registrar, Transfer Agent and Calculation Agent

by _____
Name:
Title:

by _____
Name:
Title:

[Signature Page to Indenture]

MORGAN STANLEY SENIOR FUNDING, INC., as Global Collateral Agent

by _____
Name:
Title:

[Signature Page to Indenture]

MIZUHO CORPORATE BANK, LTD., as Taiwan Collateral Agent

by _____
Name:
Title:

[Signature Page to Indenture]

NXP SEMICONDUCTORS NETHERLANDS B.V.

by _____
Name:
Title:

[Signature Page to Indenture]

SCHEDULE 1.1

SECURITY DOCUMENTS

1. FRANCE

(a) Financial Instruments Account Pledge Agreement between NXP B.V. as pledgor, the persons designated therein as secured parties, Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and NXP Semiconductors France S.A.S., as Financial Instruments Account Holder and the Secured Parties (the "**Financial Instruments Account Pledge Agreement**").

(b) Acknowledgement Letter among NXP B.V., as pledgor, the Secured Parties represented by Morgan Stanley Senior Funding, Inc., and NXP Semiconductors France S.A.S., as Financial Instruments Account Holder and Morgan Stanley Senior Funding, Inc. as Global Collateral Agent, in relation to the Financial Instruments Account Pledge Agreement.

(c) Intellectual Property Rights Pledge Agreement between NXP B.V. as pledgor, the persons designated therein as secured parties and Morgan Stanley Senior Funding, Inc. as Global Collateral Agent and the Secured Parties (the "**Intellectual Property Rights Pledge Agreement**").

(d) Amendment No.1 to the Intellectual Property Rights Pledge Agreement between NXP B.V. as pledgor, Morgan Stanley Senior Funding Inc. as Global Collateral Agent and the Secured Parties.

(e) Acknowledgement Letter among NXP B.V. as pledgor, the Secured Parties represented by Morgan Stanley Senior Funding, Inc. and Morgan Stanley Senior Funding, Inc. as Global Collateral Agent in relation to the Intellectual Property Rights Pledge Agreement.

(f) Intragroup Debt Pledge Agreement between NXP B.V. as pledgor, the persons designated therein as Secured Parties, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent and NXP Semiconductors France S.A.S., as debtor (the "**Intragroup Debt Pledge Agreement**").

(g) Acknowledgement Letter among NXP B.V. as pledgor, the Secured Parties represented by Morgan Stanley Senior Funding, Inc., Morgan Stanley Senior Funding, Inc., as Global Collateral Agent and NXP Semiconductors France S.A.S., as debtor in relation to the Intragroup Debt Pledge Agreement.

2. GERMANY

(a) Land Charge Deeds between Philips Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(b) Security Purpose Agreement relating to Land Charge between NXP Semiconductors Germany GmbH as Chargor and Morgan Stanley Senior Funding, Inc. as Global Collateral Agent.

(c) Security Transfer of Moveable Assets between Philips Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(d) Global Assignment of Receivables between Philips Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(e) IP Security Agreement between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, relating to intellectual property in Germany.

(f) Security Purpose Amendment Agreement between NXP Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(g) Second Security Purpose Amendment Agreement between NXP Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(h) Third Security Purpose Amendment Agreement between NXP Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(i) Fifth ranking Share Charge over shares in NXP Semiconductors Germany GmbH.

(j) Fourth Security Purpose Amendment Agreement between NXP Semiconductors Germany GmbH and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

3. 3. HONG KONG

(a) First Ranking Share and Receivables Charge over the shares and receivables in NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(b) First Ranking Debenture between NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(c) Second Ranking Share and Receivables Charge over the shares and receivables in NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(d) Second Ranking Debenture between NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(e) Third Ranking Share and Receivables Charge over the shares and receivables in NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(f) Third Ranking Debenture between NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(g) Fourth Ranking Share and Receivables Charge over the shares and receivables in NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(h) Fourth Ranking Debenture between NXP Semiconductors Hong Kong Limited (formerly Philips Semiconductors Hong Kong Limited) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

4. JAPAN

(a) Pledge Agreement between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the patents and trademarks of the pledgor.

5. NETHERLANDS

(a) Pledge of Shares between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the shares in Philips Semiconductors B.V.

(b) Pledge of Shares between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the shares in Philips Software B.V.

(c) Disclosed Pledge of Insurance Receivables between NXP B.V. and Philips Semiconductors B.V., as pledgors, and Morgan Stanley Senior Funding, lnc., as pledgee.

(d) Disclosed Pledge of Intercompany Receivables between KASLION Acquisition B.V., NXP B.V. and Philips Semiconductors B.V., as pledgors, and Morgan Stanley Senior Funding, Inc., as pledgee.

(e) Undisclosed Pledge of Third Party Receivables between NXP B.V. and Philips Semiconductors B.V., as pledgors, and Morgan Stanley Senior Funding, Inc., as pledgee.

(f) Non-Possessory Pledge of Moveable Assets between KASLION Acquisition B.V., NXP B.V. and Philips Semiconductors B.V., as pledgors, and Morgan Stanley Senior Funding, Inc., as pledgee.

(g) Pledge of IP Rights between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee.

(h) Deed of Mortgage between Philips Semiconductors B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

6. PHILIPPINES

(a) Deed of Conditional Assignment entered into among NXP Semiconductors Philippines, Inc. and NXP B.V., as Assignors, and Hong Kong Shanghai Banking Corporation, Philippine Branch, as Assignee and Escrow Agent, dated September 29, 2006, as amended on October 28, 2008 and May 31, 2010.

7. SINGAPORE

(a) Share Charge creating security over the shares in NXP Semiconductors Singapore Pte. Ltd. between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated 29 September 2006 (the **2006 Share Charge**).

(b) Debenture between NXP Semiconductors Singapore Pte. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated 29 September 2006 (the **2006 Debenture**).

(c) Share Charge creating security over the shares in NXP Semiconductors Singapore Pte. Ltd. between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated 2 April 2009 (the **2009 Share Charge**).

(d) Debenture between NXP Semiconductors Singapore Pte. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated 2 April 2009 (the **2009 Debenture**).

(e) Supplemental Share Charge between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Share Charge dated 20 July 2010. (the **2010 Supplemental Share Charge**)

(f) Supplemental Debenture between NXP Semiconductors Singapore Pte. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Debenture dated 20 July 2010 (the **2010 Supplemental Debenture**).

(g) Second Supplemental Share Charge between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Share Charge and the 2010 Supplemental Share Charge dated 26 May 2011 (the **Second Supplemental Share Charge**).

(h) Second Supplemental Debenture between NXP Semiconductors Singapore Pte. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Debenture and the 2010 Supplemental Debenture dated 26 May 2011 (the **Second Supplemental Debenture**).

(g) Third Supplemental Share Charge between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Share Charge, the 2010 Supplemental Share Charge and the Second Supplemental Share Charge.

(h) Third Supplemental Debenture between NXP Semiconductors Singapore Pte. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent. relating to the 2006 Debenture, the 2010 Supplemental Debenture and the Second Supplemental Debenture.

8. TAIWAN

(a) Share Pledge Agreement for the pledge over the shares in NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan)

Ltd.) between Mizuho Corporate Bank, Ltd., as the pledgee, and NXP B.V., as the pledgor, dated September 29, 2006, as amended on May 3, 2007, April 2, 2009, July 20, 2010 and May 26, 2011.

(b) Real Estate Mortgage Agreement for mortgage of land and buildings of NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.) among Mizuho Corporate Bank, Ltd., as the mortgagee, NXP Semiconductors N.V. (formerly Kaslion Acquisition B.V.), as the obligator, NXP B.V., as the obligator, NXP Funding LLC, as the obligator, and NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.), as the mortgagor, dated September 29, 2006, as amended on April 2, 2009, July 20, 2010 and May 26, 2011.

(c) Chattel Mortgage Agreement for mortgage of equipment of NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.) between Mizuho Corporate Bank, Ltd., as the mortgagee, and NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.), as the mortgagor, dated September 29, 2006, as amended on July 25, 2008, April 2, 2009, July 20, 2010 and May 26, 2011.

(d) Assignment Agreement for assignment of accounts receivable of NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.) between Mizuho Corporate Bank, Ltd., as assignor, and NXP Semiconductors Taiwan Ltd. (formerly Philips Electronics Building Elements Industries (Taiwan) Ltd.), as the assignee, dated September 29, 2006, as amended on April 2, 2009, July 20, 2010 and May 26, 2011.

(e) Amendment to Share Pledge Agreement between NXP B.V., as the pledgor, and Mizuho Corporate Bank, Ltd. as the pledgee, dated May 3, 2007.

(f) Amendment to Chattel Mortgage Agreement between NXP Semiconductors Taiwan Ltd., as the mortgagor, and Mizuho Corporate Bank, Ltd. as the mortgagee, dated July 25, 2008.

(g) Second Amendment to Share Pledge Agreement between NXP B.V., as the pledgor, and Mizuho Corporate Bank, Ltd., as the pledgee, dated April 2, 2009.

(h) Amendment to Real Estate Mortgage Agreement among NXP Semiconductors Taiwan Ltd., as the mortgagor, NXP Semiconductors N.V. (formerly Kaslion Acquisition B.V.), as the obligator, NXP B.V., as the obligator, NXP Funding LLC, as the obligator, and Mizuho Corporate Bank, Ltd., as the mortgagee, dated April 2, 2009.

(i) Second Amendment to Chattel Mortgage Agreement between NXP Semiconductors Taiwan Ltd., as the mortgagor, and Mizuho Corporate Bank, Ltd., as the mortgagee, dated April 2, 2009.

(j) Amendment to Assignment Agreement between NXP Semiconductors Taiwan Ltd., as the assignor, and Mizuho Corporate Bank, Ltd., as the assignee, dated April 2, 2009.

(k) Third Amendment to Share Pledge Agreement between NXP B.V., as the pledgor, and Mizuho Corporate Bank, Ltd., as the pledgee, dated July 20, 2010.

(l) Second Amendment to Real Estate Mortgage Agreement among NXP Semiconductors Taiwan Ltd., as the mortgagor, NXP Semiconductors N.V, as the obligator, NXP B.V., as the obligator, NXP Funding LLC, as the obligator, and Mizuho Corporate Bank, Ltd., as the mortgagee, dated July 20, 2010.

(m) Third Amendment to Chattel Mortgage Agreement between NXP Semiconductors Taiwan Ltd., as the mortgagor, and Mizuho Corporate Bank, Ltd., as the mortgagee, dated July 20, 2010.

(n) Second Amendment to Assignment Agreement between NXP Semiconductors Taiwan Ltd., as the assignor, and Mizuho Corporate Bank, Ltd., as the assignee, dated July 20, 2010.

(o) Fourth Amendment to Share Pledge Agreement between NXP B.V., as the pledgor, and Mizuho Corporate Bank, Ltd., as the pledgee, dated May 26, 2011.

(p) Third Amendment to Real Estate Mortgage Agreement among NXP Semiconductors Taiwan Ltd., as the mortgagor, NXP Semiconductors N.V, as the obligator, NXP B.V., as the obligator, NXP Funding LLC, as the obligator, and Mizuho Corporate Bank, Ltd., as the mortgagee, dated May 26, 2011.

(q) Fourth Amendment to Chattel Mortgage Agreement between NXP Semiconductors Taiwan Ltd., as the mortgagor, and Mizuho Corporate Bank, Ltd. as the mortgagee, dated May 26, 2011.

(r) Third Amendment to Assignment Agreement between NXP Semiconductors Taiwan Ltd., as the assignor, and Mizuho Corporate Bank, Ltd., as the assignee, dated May 26, 2011.

(s) Fifth Amendment to Share Pledge Agreement to be entered into by and between NXP B.V., as the pledgor, and Mizuho Corporate Bank, Ltd., as the pledgee.

(t) Fourth Amendment to Real Estate Mortgage Agreement to be entered into by and among NXP Semiconductors Taiwan Ltd., as the mortgagor, NXP Semiconductors N.V, as the obligator, NXP B.V., as the obligator, NXP Funding LLC, as the obligator, and Mizuho Corporate Bank, Ltd., as the mortgagee.

(u) Fifth Amendment to Chattel Mortgage Agreement to be entered into by and between NXP Semiconductors Taiwan Ltd., as the mortgagor, and Mizuho Corporate Bank, Ltd. as the mortgagee.

(v) Fourth Amendment to Assignment Agreement to be entered into by and between NXP Semiconductors Taiwan Ltd., as the assignor, and Mizuho Corporate Bank, Ltd., as the assignee.

9. THAILAND

(a) Pledge of Shares dated 29 September 2006 between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the shares in Philips Semiconductors (Thailand) Co. Ltd. (the "**Share Pledge Agreement**").

(b) Acknowledgement between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the Share Pledge Agreement in respect of the Indentures dated 2 April 2009.

(c) Acknowledgement between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the Share Pledge Agreement in respect of the Indentures dated on or about 20 July 2010.

(d) Acknowledgement to be entered into between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee, in relation to the Share Pledge Agreement in respect of the Notes to be issued under these Indentures(e) Land and Building Mortgage Agreement dated 30 April 2007 between Philips Semiconductors (Thailand) Co. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent attaching the addendum thereto dated 20 April 2007, as amended on 2 April 2009 and on 16 August 2010 (collectively, **the Land and Building Mortgage Agreement**).

(f) Amendment to the Land and Building Mortgage Agreement to be entered into between NXP Manufacturing (Thailand) Co. Ltd., as Mortgagor and Morgan Stanley Senior Funding, Inc., as Mortgagee in respect of the Notes to be issued under these Indentures.

(f) Mortgage of Machinery dated 20 April 2007 between Philips Semiconductors (Thailand) Co. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent attaching the addendum thereto dated 20 April 2007.

(h) Debenture Creating Fixed Security (Receivables) dated 29 September 2006 between Philips Semiconductors (Thailand) Co. Ltd. (now NXP Manufacturing (Thailand) Co. Ltd.) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(i) Debenture Creating Fixed Security (Receivables) dated 2 April 2009 between NXP Manufacturing (Thailand) Co. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(j) Debenture Creating Fixed Security (Receivables) dated 17 August 2010 between NXP Manufacturing (Thailand) Co. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(k) Debenture Creating Fixed Security (Receivables) to be entered into between NXP Manufacturing (Thailand) Co. Ltd. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent in respect of the Notes to be issued under these Indentures

10. UNITED KINGDOM

a) First Ranking Debenture between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, in relation to security over shares, receivables, intellectual property rights and certain bank accounts.

(b) First Ranking Debenture between Philips Semiconductors UK Limited (now NXP Semiconductors UK Limited) and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(c) Second Ranking Debenture creating security between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, in relation to security over shares, receivables, intellectual property rights and certain bank accounts.

(d) Second Ranking Debenture creating security between NXP Semiconductors UK Limited and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(e) Third Ranking Debenture creating security between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, in relation to security over shares, receivables, intellectual property rights and certain bank accounts.

(f) Third Ranking Debenture creating security between NXP Semiconductors UK Limited and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

11. UNITED STATES

(a) Security Agreement among NXP Semiconductors USA Inc., NXP Funding LLC, and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

(b) Pledge of Shares between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee in relation to the shares in NXP Semiconductors USA Inc.

(c) Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (ARIZONA) by NXP Semiconductors USA Inc. for the benefit of Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated December 13, 2006.

(d) IP Security Agreement between NXP B.V. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, relating to intellectual property in the United States and any short form version thereof filed with any relevant governmental authorities.

(e) Pledge of Shares between NXP B.V., as pledgor, and Morgan Stanley Senior Funding, Inc., as pledgee in relation to the shares in non-Guarantor subsidiaries.

(f) Amendment No. 1 to Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (ARIZONA) between NXP Semiconductors USA Inc. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated July 20, 2010.

(g) Amendment No. 2 to Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (ARIZONA) between NXP Semiconductors USA Inc. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent dated May 26, 2011.

(h) Amendment No. 3 to Leasehold Deed of Trust, Security Agreement, Assignment of Leases and Rents, and Fixture Filing (ARIZONA) between NXP Semiconductors USA Inc. and Morgan Stanley Senior Funding, Inc., as Global Collateral Agent.

SCHEDULE 2.1

AGREED SECURITY PRINCIPLES

1. Agreed Security Principles

1.1 The Guarantees and Liens 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 2.1 identifies the Agreed Security Principles and addresses the manner in which the Agreed Security Principles will impact on or be determinant of the Guarantees and Liens to be taken in relation to this Indenture.

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 limitations, 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 Liens 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 Documents 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 2.1 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.

SCHEDULE 10.1

GUARANTOR LIMITATIONS

1. The right to enforce the guarantee given by a Guarantor incorporated in Germany as a GmbH (a "*German Guarantor*") shall be excluded if and to the extent that the Guaranty secures the obligations of an affiliated company (*verbundenes Unternehmen*) within the meaning of Section 15 of the German Stock Corporation Act (*Aktiengesetz*) of such German Guarantor (other than any of the German Guarantor's direct or indirect subsidiaries), and if and to the extent that (a) the enforcement of the Guaranty would cause such German Guarantor's assets (the calculation of which shall include all items set forth in section 266(2) A, B and C of the German Commercial Code (*Handelsgesetzbuch*)) less such German Guarantor's liabilities (the calculation of which shall include all items set forth in section 266(3) B, C and D of the German Commercial Code) (the "*Net Assets*") being less than its registered share capital (*Stammkapital*) (*Begründung einer Unterbilanz*) or (b) (if such German Guarantor's Net Assets are already less than its registered share capital) causing such amount to be further reduced (*Vertiefung einer Unterbilanz*).

(c) For the purposes of such calculation the following balance sheet items shall be adjusted as follows:

(i) The amount of the increase of the relevant German Guarantor's registered share capital out of retained earnings (*Kapitalerhöhung aus Gesellschaftsmitteln*) after the date of this Agreement that has been effected without the prior written consent of the Global Collateral Agent (acting on behalf of the Guaranteed Parties) shall be deducted from the registered share capital; and

(ii) Obligations arising out of loans made to the relevant German Guarantor and other liabilities shall be disregarded if and to the extent such loans and other liabilities are subordinated; and

(iii) Loans and other contractual liabilities incurred in violation of the provisions of the Indenture, the Security Documents or the Guaranty shall be disregarded; and

(iv) Claims of the relevant German Guarantor against its shareholders arising out of any upstream loans permitted under the Indenture, the Security Documents or the Guaranty shall only be taken into account (*aktiviert*) if and to the extent this is permitted pursuant to the jurisprudence of the German Federal High Court (*Bundesgerichtshof*) relating to the permissibility of loans to shareholders under Sections 30 and 31 of the German Limited Liability Companies Act (*Gesetz betreffend die Gesellschaften mit beschränkter Haftung*).

(d) In addition, a German Guarantor shall realize, to the extent legally permitted, in a situation where after enforcement of the Guaranty such German Guarantor would not have Net Assets in excess of its registered share capital, any and all of its assets that are shown in the balance sheet with a book value (*Buchwert*) that is significantly lower than the market value of the asset if such asset is not necessary for the German business (*betriebsnotwendig*).

(e) The limitations set out in sub-clause (i) above shall only apply (A) if and to the extent that within 5 Business Days following the demand against such German Guarantor under the Guaranty by the Global Collateral Agent (the "*Guaranty Demand*") the managing directors of the German Guarantor have confirmed in writing to the Global Collateral Agent (x) to what extent the Guaranty is an up-stream or cross-stream security and (y) the amount which cannot be enforced as causing the net assets of such German Guarantor, to fall below its stated share capital and such confirmation is supported by interim financial statements up to the end of the last completed calendar month (taking into account the adjustments set out in paragraph sub-clause (ii) above and such confirmation is supported by evidence reasonably satisfactory to the Global Collateral Agent (the "*Management Determination*") and the Global Collateral Agent has not contested this and argued that no or a lesser amount would be necessary to maintain its stated share capital; or (B) within 20 Business Days from the date the Global Collateral Agent has contested the Management Determination the Global Collateral Agent receives a determination by auditors of international standard and reputation (the "*Auditor's Determination*") as appointed by such German Guarantor of the amount that would have been necessary on the date the Guaranty Demand was made to maintain the German Guarantor stated share capital based on an up to date balance sheet which shall be based on the same accounting principles that were applied when establishing the previous year's balance sheet and calculated and adjusted in accordance with sub-clauses (i) and (ii) above. If a German Guarantor fails to deliver an Auditor's Determination within 20 Business Days after the date the Global Collateral Agent has contested the Management Determination, the Global Collateral Agent shall be entitled to enforce the Guaranty without limitation or restriction

(f) If the Global Collateral Agent disagrees with the Management Determination and/or the Auditor's Determination, the Guaranty shall be enforceable up to the amount which is undisputed between itself and the relevant German Guarantor. In relation to the amount which is disputed, the Global Collateral Agent shall be entitled to further pursue its claims and enforce the Guaranty always subject to sub-clauses (i) to (iv) (inclusive) above and clause (g) below, if it determines in good faith that the financial condition of such German Guarantor as set forth in the Auditor's Determination and/or the Management Determination has substantially improved (in particular, if such German Guarantor has performed any actions in accordance with sub-clause (iii) above).

(g) Notwithstanding the above provisions of clause (c), and subject to the following paragraph below, the Guaranty shall not be enforced against a German Guarantor to the extent that such German Guarantor provides constructive evidence that such enforcement will deprive such German Guarantor of the liquidity necessary to fulfil its liabilities to its creditors or result in a breach of the duty of care owed by the relevant managing director to the respective company (*Verbot des existenzvernichtenden Eingriffs, Gebot der Rücksichtnahme auf die Eigenbelange der Gesellschaft*) and is reasonably likely to result in a personal civil or criminal liability of the relevant managing directors of such German Guarantor or the relevant managing directors of its shareholder.

For the avoidance of doubt, nothing in this Schedule shall be interpreted as a restriction or limitation of the enforcement of the Guaranty to the extent it guarantees the prompt and complete payment and discharge of any and all obligations of a German Guarantor itself or any of its subsidiaries including in each case their legal successors.

PROVISIONS RELATING

TO THE NOTES

1. 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 Depositary 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 Notes Legend.

"*Depositary*" means DTC.

"*DTC*" means The Depository Trust Company, its nominees and their respective successors.

"*Global Notes 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 Depositary) 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 sold by the Issuers to a QIB within the meaning of Rule 144A pursuant to a private transaction as of October 31, 2011. Such Notes may thereafter be transferred to, among others, QIBs in reliance on Rule 144A 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 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 Notes 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 Depositary.

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 Depositary for such Global Note or Global Notes or the nominee of such Depositary and (ii) shall be delivered by the Trustee to such Depositary or pursuant to such Depositary'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) Notes for original issue on the date hereof in an aggregate principal amount of $534,584,000 and (b) subject to the terms of the Indenture, Additional Notes in an aggregate principal amount not to exceed $85,000,000. 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.

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 Depositary 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 NOTE*S: 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.]

(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.

(c) Notwithstanding the foregoing, upon the one year anniversary of the Issue Date, the Company shall cause the private placement legend in clause (A) above to be removed from the Notes, unless the Notes are held by an Affiliate.

(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 DEPOSITORY 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."

(3) *Original Issue Discount Legend.* Each Note issued that has more than a *de minimis* amount of original issue discount for U.S. federal income tax purposes shall bear a legend in substantially the following form:

"THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1272 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST, THE ISSUERS WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD SUBMIT A WRITTEN REQUEST FOR SUCH INFORMATION TO NXP B.V. AT THE FOLLOWING ADDRESS: HIGH TECH CAMPUS 60, 5656 AG, EINDHOVEN, THE NETHERLANDS, ATTENTION: CHIEF FINANCIAL OFFICER."

(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]

Floating Rate Senior Secured Notes due 2016

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.

[Global Notes Legend]

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.

[Each note issued with OID will bear the following additional legend:]

THIS NOTE HAS BEEN ISSUED WITH "ORIGINAL ISSUE DISCOUNT" (WITHIN THE MEANING OF SECTION 1272 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED). UPON WRITTEN REQUEST, THE ISSUERS WILL PROMPTLY MAKE AVAILABLE TO ANY HOLDER OF THIS NOTE THE FOLLOWING INFORMATION: (1) THE ISSUE PRICE AND DATE OF THE NOTE, (2) THE AMOUNT OF ORIGINAL ISSUE DISCOUNT ON THE NOTE AND (3) THE YIELD TO MATURITY OF THE NOTE. HOLDERS SHOULD SUBMIT A WRITTEN REQUEST FOR SUCH INFORMATION TO NXP B.V. AT THE FOLLOWING ADDRESS: HIGH TECH CAMPUS 60, 5656 AG, EINDHOVEN, THE NETHERLANDS, ATTENTION: CHIEF FINANCIAL OFFICER.

Common Code. [ ]
ISIN No. [ ]
CUSIP [ ]

Floating Rate Senior Secured Notes due 2016

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 of $[ ] [subject to adjustments listed on the Schedule of Increases or Decreases in Global Note attached hereto, subject to the adjustments listed therein][1], on November 15, 2016.

Interest Payment Dates: February 15, May 15, August 15 and November 15, commencing [ ].

Record Dates: February 1, May 1, August 1 and November 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: _____
(Authorized Signatory)

[FORM OF BACK OF NOTE]

FLOATING RATE SENIOR SECURED NOTES DUE 2016

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 per annum as determined below.

Interest on the Notes will accrue at a rate equal to the LIBO Rate (which will be reset quarterly) plus 5.50%. Interest on the Notes will be payable, in cash, quarterly in arrears on every February 15, May 15, August 15 and November 15, beginning February 15, 2012 to the holders of record on the February 1, May 1, August 1 and November 1 immediately preceding the relevant interest payment date.

The amount of interest for each day that any Note is outstanding and for the period (the "*Initial Accrual Period*") from and including November 1, 2011 to but excluding the Issue Date (the "*Daily Interest Amount*") will be calculated by dividing the interest rate in effect for such day by 360 and multiplying the result by the principal amount of such Notes (which, for the purposes of the Initial Accrual Period, shall be deemed to be the same as the principal amount outstanding on the Issue Date). The amount of interest to be paid on the Notes for each interest period will be calculated by adding the Daily Interest Amounts for each day in the interest period (including, in the case of the initial interest period, the Initial Accrual Period). Each interest period shall end on (but not include) the relevant interest payment date.

All percentages resulting from any of the above calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point, with five one-millionths of a percentage point being rounded upwards (e.g., 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and all dollar amounts used in resulting from such calculations will be rounded to the nearest cent (with one-half cent being rounded upwards).

The interest rate on the Notes will in no event be higher than the maximum rate permitted by law.

Interest on the Notes will accrue from the most recent date to which interest has been paid or, if no interest has been paid, from November 1, 2011.

"*LIBO Rate*" means the rate determined by the Issuers (written notice of such rate to be sent to the Trustee by the Issuers on the date of determination thereof) equal to the applicable British Bankers' Association LIBO rate for deposits in U.S. dollars for a period of three months as reported by any generally recognized financial information service as of 11:00 a.m. (London time) two business days prior to the first day of such quarterly period; *provided* that, if no such British Bankers' Association LIBO rate is available to the Issuers, the LIBO Rate for the relevant quarterly period shall instead be the rate at which a first-class bank in the London interbank market selected in good faith by the Company offers to place deposits in U.S. dollars

with first-class banks in the London interbank market for a period of three months at approximately 11:00 a.m. (London time) two business days prior to the first day of such quarterly period, in amounts equal to $1.0 million. If such a rate cannot be obtained, the LIBO Rate shall be equal to that applicable to the prior interest period. The LIBO Rate as so determined for the initial quarterly period and for the Initial Accrual Period will be 0.42944%.

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 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 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 30 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. Paying Agent, Registrar and Calculation Agent

Initially, Deutsche Bank Trust Company Americas will act as Registrar, Paying Agent and Transfer Agent. The Issuers may appoint and change any Registrar, Transfer Agent and Paying Agent. The Issuers or any of its Restricted Subsidiaries may act as Registrar, Transfer Agent and Paying Agent.

The Issuers initially appoint Deutsche Bank Trust Company Americas as Calculation Agent for the Notes. The Calculation Agent shall, as soon as practicable after 11:00 a.m. (New York time) on each determination date, determine the applicable rate and calculate the aggregate amount of interest payable in respect of the following interest period (the "*Interest Amount*"). 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, multiplying each such amount by the actual amount of days in the interest period concerned

divided by 360 and rounding the resultant figure upwards to the nearest available currency unit. The determination of the applicable rate and the Interest Amount by the Calculation Agent shall, in the absence of willful default, bad faith or manifest error, be final and binding on all parties.

4. Indenture

The Issuers issued the Notes under the Indenture dated as of November 10, 2011 (the "*Indenture*"), among the Issuers, the Guarantors party thereto, Deutsche Bank Trust Company Americas, as Trustee (the "*Trustee*"), Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent. 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 November 15, 2013, the Issuers may redeem the Notes in whole or in part, at their option, upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to 100% of the principal amount of such Notes plus the relevant Floating Rate Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the applicable redemption date.

(b) At any time and from time to time on or after November 15, 2013, the Issuers may redeem the Notes, in whole or in part, at their option, upon not less than 30 nor more than 60 days' prior notice at a redemption price equal to 100% of principal amount plus accrued and unpaid interest and Additional Amounts, if any, to the redemption date.

(c) 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 30 nor more than 60 days' notice to the Holders of the Notes (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 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 Guarantor determines 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, 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 Guarantor 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 Guarantor (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 November 10, 2011 such Change in Tax Law must become effective on or after November 10, 2011. 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 November 10, 2011, 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 predecessor of the Successor Company. 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 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 Guarantor 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 mandatory redemption payments or sinking fund payments with respect to the Notes.

8. Notice of Redemption

At least 30 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 13.03 of the Indenture and as provided below.

If less than all of the Notes are to be redeemed at any time, the Trustee 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 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 by cost or by another method that the Trustee deems fair and appropriate or as required by DTC; provided, however, that no Note of $2,000 in aggregate principal amount or less shall be redeemed in part.

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.

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 (i) a Change of Control and (ii) the occurrence of certain Asset Dispositions

If a Change of Control occurs, each Holder of Notes 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 the date of purchase (subject to the right of Holders of record on the relevant record date to receive interest due on the relevant interest payment date) as provided in, and subject to the terms of, the Indenture.

In accordance with Section 4.09 of the Indenture, the Issuers will be required to offer to purchase Notes upon the occurrence of certain events, including certain Asset Dispositions.

11. Security

The Notes will be secured by first priority Liens and security interests in the Collateral, subject to the grant of further Permitted Collateral Liens. Reference is made to the Indenture for terms relating to such security, including the release, termination and discharge thereof. The Security Documents and the Collateral will be administered by a Collateral Agent (or in certain circumstances a sub-agent) pursuant to a Collateral Agency Agreement for the benefit of all holders of Secured Obligations. The Issuers shall not be required to make any notation on this Note to reflect any grant of such security or any such release, termination or discharge.

12. Denominations; Transfer; Exchange

The Notes are in registered form without interest coupons in minimum denominations of $2,000 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, continued for 30 days;

(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, upon optional redemption, upon required repurchase, upon declaration or otherwise;

(3) failure to comply for 30 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in principal amount of the outstanding Notes with any of its obligations under Article 4 and 5 of the Indenture (in each case, other than a failure to purchase Notes which will constitute an Event of Default under Section 6.01(a)(2) of the Indenture);

(4) failure to comply for 60 days after written notice by the Trustee on behalf of the Holders or by the Holders of 30% in principal amount of the outstanding Notes with its other agreements contained in the Indenture;

(5) 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 Restricted Subsidiaries (or the payment of which is Guaranteed by either Issuer or any of its Restricted Subsidiaries) other than Indebtedness owed to either Issuer or a Restricted Subsidiary whether such Indebtedness or Guarantee now exists, or is created after the date hereof, which default:

(a) is caused by a failure to pay principal of, or interest or premium, if any, 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 principal amount of any such Indebtedness, together with the 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 €100.0 million or more;

(6) either Issuer or a Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuers and their Restricted Subsidiaries), would constitute 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;

(7) failure by the Issuers or any Significant Subsidiary or group of Restricted Subsidiaries that, taken together (as of the latest audited consolidated financial statements for the Issuers and their Restricted Subsidiaries), would constitute a Significant Subsidiary to pay final judgments aggregating in excess of €100.0 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;

(8) any security interest under the Security Documents on any material Collateral shall, at any time, cease to be in full force and effect (other than in accordance with the terms of the Security Document and the Indenture) for any reason other than the satisfaction in full of all obligations under this Indenture or the release or amendment of any such security interest in accordance with the terms of the Indenture or such Security Document or any such security interest created thereunder shall be declared invalid or unenforceable or either Issuer shall assert in writing that any such security interest is invalid or unenforceable and any such Default continues for 10 days; or

(9) 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 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), 6.01(a)(4), 6.01(a)(5) and 6.01(a)(7) of the Indenture will not constitute an Event of Default until the Trustee or the Holders of 30% in principal amount of the outstanding Notes under the Indenture notify either Issuer of the default and the Issuers do not cure such default within the time specified in Sections 6.01(a)(3), 6.01(a)(4), 6.01(a)(5) or 6.01(a)(7) of the Indenture, as applicable, after receipt of such notice.

(c) If an Event of Default occurs and is continuing the Trustee by notice to either Issuer or the Holders of at least 30% in principal amount of the outstanding Notes under the Indenture by written notice to either Issuer, 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 to be due and payable immediately. 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 due and payable immediately without any declaration.

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 Depositary, 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

[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 (Change of Control) or Section 4.09 (Limitation on Sales of Assets and Subsidiary Stock) of the Indenture, check the box:

Asset Disposition ☐ Change of Control ☐

If you want to elect to have only part of this Note purchased by the Issuers pursuant to Section 4.03 or Section 4.09 of the Indenture, state the amount (minimum amount of $2,000 and integral multiples of $1,000 in excess thereof):

$

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)

EXHIBIT B

[FORM OF CERTIFICATE OF TRANSFER]

Deutsche Bank Trust Company Americas
60 Wall Street
27th Floor
New York, NY 10005
USA

Re: Floating Rate Senior Secured Notes due 2016 Issued By NXP B.V. and NXP Funding LLC (the "Notes")

Reference is hereby made to the Senior Secured Indenture dated November 10, 2011 among NXP B.V. and NXP Funding LLC, as Issuers, the guarantors party thereto, Deutsche Bank Trust Company Americas, as Trustee, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent (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.

EXHIBIT C

[FORM OF OFFICER'S COMPLIANCE CERTIFICATE DELIVERED PURSUANT TO SECTION 4.16 OF THE INDENTURE]

OFFICER'S COMPLIANCE CERTIFICATE OF NXP B.V.

Pursuant to Section 4.16 of the Senior Secured Indenture dated November 10, 2011 (the "*Indenture*") among NXP B.V. (the "*Company*") and NXP Funding LLC, as Issuers, the guarantors party thereto, Deutsche Bank Trust Company Americas, as Trustee, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, and Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent, 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;

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];

3. (i) such action has been taken with respect to the recording, filing, re-recording and re-filing of the Indenture and the Security Documents (including financing statements or other instruments) as is necessary to maintain the security interest intended to be created thereby for the benefit of the Holders, and reciting the details of such action, or (ii) no such action is necessary to maintain such Lien.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate this [ ] day of [ ], 20[ ].

NXP B.V.

By: _____
Name:
Title:

[FORM OF NOTE GUARANTEE SUPPLEMENT]

NOTE GUARANTEE SUPPLEMENT dated as of , , between [NAME OF NOTE GUARANTOR] (the "*Note Guarantor*"), NXP B.V. (the "*Company*") and Deutsche Bank Trust Company Americas, as Trustee (the "*Trustee*").

WHEREAS, the Company, NXP Funding LLC, the Trustee, Morgan Stanley Senior Funding, Inc., as Global Collateral Agent, Mizuho Corporate Bank, Ltd., as Taiwan Collateral Agent, and the Guarantors party thereto are parties to a Senior Secured Indenture dated as of November 10, 2011 (as amended and/or supplemented, the "*Indenture*");

WHEREAS, Section 4.12 of the Indenture provides that Persons may become party to the Indenture as Guarantors by execution and delivery of a supplement in the form of this Note Guarantee Supplement; and

WHEREAS, terms defined in the Indenture and not otherwise defined herein have, as used herein, the respective meanings provided for therein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

2. *Party to Indenture.* In accordance with Section 4.12 of the Indenture, on and from the date of this Note Guarantee Supplement (the "Effective Date"), the Note Guarantor will become a party to the Indenture and hereby agrees to provide an unconditional Guarantee on the terms and subject to the conditions set forth in the Indenture including but not limited to Article 10 thereof. The Note Guarantor will be bound by all the provisions thereof as fully as if the Note Guarantor were one of the original parties thereto.

3. *No Recourse Against Others*. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Note Guarantor, as such, shall have any liability for any obligations of the Company or any Guarantors under the Notes, any Note Guarantees, the Indenture or this Note Guarantee Supplement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

4. *Notices*. The contact information of the Note Guarantor for purposes of notices under the Indenture is as follows:

[Address]
Attention:
Facsimile:
E-mail:

5. *Governing Law*. This Note Guarantee Supplement shall be construed in accordance with and governed by the laws of the State of New York.

6. *The Trustee*. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Note Guarantee Supplement or for or in respect of the recitals contained herein, all of which recitals are made solely by the Note Guarantor and the Company.

7. [*Guarantor Limitations*. In accordance with the Agreed Security Principles, the following limitations apply to the Guarantee of the Note Guarantor: [Limitations consistent with Agreed Security Principles to be specified here]]

[For the avoidance of doubt, in the case of any Note Guarantor incorporated in Singapore, the obligations or liabilities of such Note Guarantor under this Note Guarantee Supplement and the Indenture shall exclude any obligation or liability, which, if it were so included, would result in this Note Guarantee Supplement or the Indenture contravening Section 76 of the Companies Act, Chapter 50 of Singapore.]

IN WITNESS WHEREOF, the parties hereto have caused this Note Guarantee Supplement to be duly executed by their respective authorized officers as of the day and year first above written.

[NAME OF NOTE GUARANTOR]

By: _____
Name:
Title:

NXP B.V.

By: _____
Name:
Title:

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Trustee

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit 10.10

(100)NanErJianNo.004

Agreement on Lease of Standard Plant Basement of Export Processing Zone Administration, Ministry of Economic Affairs

The lessor: the Export Processing Zone Administration, Ministry of Economic Affairs (hereinafter referred to as Party A)

Agreement on Lease of air defense basement

The Lessee: NXP Semiconductors Taiwan Ltd. (hereinafter referred to as Party B)

Whereas both parties agree that Party A leases to Party B the basement located at 106 Inner Ring (south) Road, Nanzi Processing Zone, both parties hereby reach the following agreement as follows:

1. Location, No. and monthly rental of the air defense basement of standard plant:

(1). Object of lease: the basement located at 106 Inner Ring (south) Road, Nanzi Processing Zone (one unit of reserved basement at the ground floor of No.2 stand plant in Zone 1, which is numbered 1-2 4A, 4B), occupying an area of 953 m^2 in total.

(2) Rental: twenty- four thousand, one hundred and thirty New Taiwan Dollar each month (TWD25.32/m^2/month). Party B shall, on a monthly basis, pay the rent plus additional 5% thereof as the business tax to the agency bank of National Treasury as specified (Nanzi Branch, Mega International Commercial Bank) upon the payment bill issued by Party A. If Party B still fails to pay the rent by the end of current month, it may be imposed on a penalty of over six thousand but less than thirty thousand New Taiwan Dollar plus suspension of goods export for over one month but less than one year. If Party B still fails to pay the rent within the time limit as specified or after it is demanded for three times, Party A may terminate the contract and take necessary actions according to law.

2. Term of lease: one (1) year from Jun. 1st of the 100th year to May 31th of the 101th year of the Republic of China. Unless otherwise agreed by both parties, Party B may not early terminate the lease; otherwise its security deposits will be confiscated. Party B has the priority to renew the lease upon its expiration. Party B may not re-lease the basement to others; otherwise, Party A may unconditionally recover the basement. If Party A has to recover the basement for its own use as required for its business, it shall inform Party B one (1) month prior to expiration of the lease agreement.

3. Security deposits: Seventy-two thousand three hundred and ninety New Taiwan Dollar, which shall be paid by Party B upon execution of the agreement, if Party B doesn’t intend to renew the lease upon expiry of the term of lease and returns the basement leased by it according to the agreement, Party A shall refund the security deposits without interest; however, if Party B hasn’t paid its outstanding rent, or any damage to the buildings or facilities is found, or Party B fails to perform relevant articles hereof, the security may be used to indemnify Party A for any damage caused to it. The surplus (if any) shall be refunded by Party A to Party B or Party B shall make up the deficiency (if any), to which Party B may not raise any objection.

4. If Party B wishes to change the use of the basement as stipulated herein, it shall obtain written consent of Party A and agree to pay maintenance expense at a rate as approved by Party A; otherwise, once found by Party A, Party A may notify Party B to pay maintenance expense at a rate fixed for the purposes as changed and Party B may not raise any objection thereto.

5. Party B may not change original structure of the basement leased by it without authorization and shall be liable for any damage thereto; without consent of Party A, Party B may not get any additional facilities.

6. The lease of the basement by Party B shall be subject to its purpose as an air-raid shelter. If any fixed equipment or cupboards and machineries which are unable to be moved at any time are necessary, the area occupied by them may not be more than one fourth of the total area of the basement; in addition, no dangerous facilities, dangerous articles or articles harming security or hindering public health may be installed, stored or placed in the basement.

7. Party B shall apply to competent authorities for certification of fire-fighting facilities and buildings inspection of the basement leased by it in good time.

8. During the term of lease, all the maintenance and repairing expense incurred for in-house facilities, water and electricity charges, operation and maintenance expense of sewer and discharge-to-sea expense, construction cost of sewer pipeline system and amortization of construction cost of water raising pressuring station shall be at the cost of Party B.

9. Party B shall pay any house tax incurred due to any change in use of the basement leased by it.

10. In case Party A recovers the basement pursuant to provisions as contained herein, Party B shall, unconditionally, immediately remove all its own decoration and equipment, restore the basement to its original state and then return it. Any decoration or equipment not removed will be disposed of as wastes by Party A and Party B may not claim for any indemnification.

11. Party B shall ensure that, during the term of lease, the equipment installed by it will not harm the security of the plant. Party A may dispatch someone to inspect the basement at any time. If any conditions are found to affect the security of the building or the operation of adjacent factories, Party B shall make improvement in good time upon receipt notice from Party A; its failure to do so within specify time limit will be deemed as breach of contract.

12. As the basement is an air-raid shelter, in case of any air-raid alarm or in case the Ministry of Defense announces to start war preparedness or Taiwan Garrison Command restates the order of martial law, Party B shall empty out the basement within twenty-four (24) hours and open the basement for use as a shelter. Party B may be dealt with according to wartime statutes if it refuses to do so for whatsoever reasons.

13. This supplemental agreement shall be made in duplicate, one for each party.

Coventanter (the lessor): Export Processing Zone Administration, Ministry of Economic Affairs

Legal proxy: Shen Rongjin

Address: 600 Jiachang Road, Nanzi District, Gaoxiong

Coventanter (the lessee): NXP Semiconductors Taiwan Ltd.

Legal representative (director): J.J.Wang

Address:

Tel.

Jun. 1st of the 100th year of the Republic of China

August, 2010

STRICTLY PERSONAL

NXP Management Equity Plan 2009

Stock Option terms
Version August 2010
(as revised to reflect NXP's listing at Nasdaq in August 2010)

Article 1
Definitions

In these NXP Management Equity Stock Option Plan Conditions the following definitions shall apply:

1.	Board	:	the board of directors of NXP;
2.	CEO	:	the chief executive officer from time to time of NXP;
3.	Change of Control	:	a sale, directly or indirectly, of Shares in NXP in a transaction or series of related transactions resulting in the Initial Sponsors as hereinafter defined, and for each of its members, their respective affiliates (a) together no longer holding, directly or indirectly, 30% or more of the Shares and other equity instruments issued from time to time by NXP or (b) the sale or divestment of more than 50% of the assets of NXP to a non-affiliate in a transaction or series of related transactions whereby the net proceeds of such asset sale are to be distributed to shareholders of NXP;
4.	Conditions	:	the terms and conditions set out in this NXP Management Equity Stock Option Plan 2009, as revised to reflect NXP's listing at Nasdaq in August 2010;
5.	Date of Grant	:	the date at which a Stock Option is granted pursuant to these Conditions. The relevant Date of Grant with respect to any grant hereunder shall be determined by NXP and the Participant shall be informed on this;
6.	Eligible Individual	:	means an employee of the NXP group or such other person as determined by the Board;
7.	Employing Company	:	any company within the NXP group of companies and such other company as NXP may from time to time designate or approve;
8.	Exercise Price	:	the price to be paid by the Participant to NXP to acquire a Share upon exercising a Stock Option. Such price, and the various series in which Stock Options may be granted, will be specified in the Grant. No Stock Options will be granted "in the money".
9.	Grant	:	the instrument by which the Board grants a Stock Option to one or more Eligible Individuals;
10.	Initial Sponsors	:	(a) KKR European Fund II, Limited Partnership;
			(b) Silver Lake Partners II Cayman, L.P.;
			(c) AlpInvest Partners CS Investments 2006 C.V.;
			(d) Bain Capital IX, L.P.;
			(e) Bain Capital Fund VIII-E, L.P.;
			(f) Apax Europe V - A, L.P.;

(g) Apax Europe VI - A, L.P.;

(h) such other persons to whom those sponsors have syndicated part of their direct or indirect investment in NXP as per January 1, 2007; and

(i) for each of the aforegoing persons, their respective affiliates;

11.	Listing	:	the listing of any shares, in a form determined by NXP, on a recognised stock exchange;
12.	NCC	:	nomination and compensation committee of the Board;
13.	NXP	:	NXP Semiconductors N.V.;
14.	Participant	:	an individual who participates in the Plan and holds any Stock Options or Shares under these Conditions;
15.	Plan	:	this NXP Management Equity Stock Option Plan 2009, as revised to reflect NXP's listing at Nasdaq in August 2010;
16.	Sale	:	direct or indirect sale and transfer of Shares or the business to a third party not affiliated to one of the Initial Sponsors or a group company of NXP;
17.	Share	:	a common share in the capital of NXP as further defined in NXP's articles of association;
18.	Stock Option	:	the conditional right granted by NXP to an Eligible Individual to acquire one Share, subject to these Conditions. The Stock Options may be granted in four series: series 1, series 2, series 3 and series 4;
19.	Vesting Date	:	means the vesting date ascribed to it in Article 3.

Article 2
Grant of Stock Options

Any Stock Options may be granted by the Board to an Eligible Individual, subject to the Conditions and any additional terms as may be imposed on Grant. Any Stock Options offered to any such individual and the terms and conditions governing such Stock 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 Stock Options at a date determined by NXP.

Article 3
Vesting

1. Except as otherwise provided in Article 3.2 and 3.3, Stock Options will vest as indicated in the Grant. Unvested or lapsed Stock Options cannot be exercised.
2. In case of a Change of Control, the Stock Options will be 100% vested (accelerated vesting). If in the event of a divestment of a Business, being any of High-Performance Mixed Signal, Automotive, Identification and Standard Products, the Participant has

not served notice of termination of employment upon a member of the NXP group nor has been served with notice of termination of employment by a member of the NXP group, the Stock Options held by each such Participant employed within such Business Unit shall be 100% vested upon the time of the divestment.

3. The CEO may, following consultation with the NCC, in individual cases, determine a vesting schedule for the relevant Stock Options more favourable for the relevant Participant than would apply pursuant to paragraphs 1 or 2 of this Article 3. Under no circumstances shall the use of this right by the CEO or the approval granted by the NCC create or imply rights for any other Participant.

Article 4
Exercise of Stock Options

1. A Participant may exercise (part of) his vested Stock Options only upon a Sale or Change of Control. The Participants shall be notified in writing by the Board of the occurrence of such Sale or Change of Control. In no event shall there be any obligation to deliver any Shares to a Participant prior to such a Sale or Change of Control without the approval of the CEO in consultation with the NCC. Stock Options not exercised upon a Change of Control shall lapse automatically on a Change of Control.

2. In order to exercise Stock Options, the Participant must notify NXP in accordance with a procedure determined by NXP.

   The notice by the Participant shall state:

   - the Date of Grant of the Stock Options he wishes to exercise;
   - the number of Stock Options to be exercised; and
   - whether Shares to be obtained upon such exercise:

     (i) be sold, on behalf of the Participant as soon as possible. Upon such sale, the aggregate revenue of the Shares sold upon exercise of the Stock Options less the respective Exercise Prices multiplied by the number of such Stock Options, and further costs and taxes in accordance with Articles 7, 11.4 and 12, will be paid to the Participant in accordance with a procedure determined by NXP, subject to Articles 10 and 11; or

     (ii) be delivered to the Participant as provided for in the Articles 4.3 and 4.4 hereof, subject to Articles 10 and 11.

   In case the Participant elects to have the Shares to be delivered to him, his notice shall be accompanied by the payment in full of the Exercise Price for the respective series of Stock Options exercised, multiplied by the number of Stock Options so being exercised, and costs and taxes as stipulated in Articles 7, 11.4 and 12. Such payment shall be made: (a) in cash, (b) through simultaneous sale of the underlying 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.

3. Subject to these Conditions, if the Participant elects Shares to be delivered to him upon exercise as provided in Article 4.2 (ii), NXP will, following receipt of the full Exercise Price, deliver to the relevant Participants the Shares on or as soon as reasonably practicable after the exercise of a Stock Option. In no event shall NXP have any obligation to deliver any Shares to a Participant prior to the exercise of any Stock Options.

4. Each Participant shall comply with any applicable “insider trading” laws and regulations.

Article 5
Non-transferability

The Stock Options are strictly personal and may not be assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of in any manner. For the avoidance of doubt, in case of death of the Participant all vested Stock Options and all Shares held by such Participant at the date of death shall pass to such Participant's heirs or legatees in accordance with applicable inheritance laws. The Participant may not engage in any transactions on any exchange on the basis of any Stock Option. Any violation of the terms of this Article 5 in relation to Stock Options will cause all Stock Options to become immediately null and void without further notice and without the Participant being entitled to any compensation.

Article 6
Capital Adjustments in corporate events

NXP shall, after approval of the NCC, make such equitable adjustments to the number of Stock Options, the Exercise Price for the respective series or the number or kind of Shares to be issued on exercise of Stock Options, or replace such Shares by shares in the capital of a NXP group company, as is appropriate to reflect corporate events such as a stock-dividend or stock-split, a recapitalization, a merger, a consolidation, a spin-off, a combination or exchange of shares or other significant corporate change, or any distribution of reserves to holders of Shares.

Article 7
Costs and Taxes

1. All costs of delivering any Shares under these Conditions to a Participant 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 Stock Options or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Participant in connection with these Conditions (including, but not limited to, the grant of the Stock Options, the ownership of the Stock Options and/or the delivery of any Shares under these Conditions, the ownership and/or the sale of any Shares acquired under these Conditions) 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 Employing Company to the Participant, or requiring the Participant or beneficiary of the Participant, to pay to NXP or any Employing Company as indicated by NXP an amount necessary to settle any Taxes and any costs determined by NXP necessary to be withheld in connection with these Conditions (including, but not limited to, the grant of the Stock Options or the delivery of any Shares under these Conditions).
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 Participant until NXP has received an amount, or the Participant has made such arrangements required by NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with these Conditions as determined by NXP.

Article 8
Termination of Employment

1. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.2, 8.3. or 8.4 hereof, if a Participant

   (a) dies, or becomes permanently disabled (as defined under the statutory local social security regulations; or

   (b) retires in accordance with the relevant NXP group member's retirement scheme;

   such Participant, or his heirs or legatees in accordance with Article 5, upon a Change of Control may exercise all Stock Options, and upon a Sale may exercise a pro rata part of his Stock Options, in each case such Stock Options which are vested at the time of the termination of the employment with the Employing Company, in accordance with Article 4, and subject to Articles 10 and 11 hereof. All unvested Stock Options shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company.

2. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.1, 8.3 and 8.4 hereof, if a Participant

   (a) is dismissed for urgent reasons as defined in article 7:678 of the Dutch Civil Code (or the equivalent thereof in other jurisdictions if Dutch law is not applicable to his employment);

   (b) voluntarily resigns and subsequently, in the two (2) year period following such resignation, directly or indirectly and in any capacity whatsoever engages in any activities in competition with the activities of any member of the Group; or

   (c) breaches any of the obligations imposed by or pursuant to the Conditions and the Grant;

   such Participant's vested and unvested Stock Options shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company.

3. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.1, 8.2. and 8.4 hereof, and subject to Articles 10 and 11, if a Participant ceases to be an employee of any member of the NXP group as a result of facts or circumstances other than those mentioned in Articles 8.1 and 8.2,

   • all his Stock Options, unvested upon termination of the employment, shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company;

   • upon a Sale or Change of Control, the Participant receives a cash-payment for the Stock Options vested upon the termination of the employment with an Employing Company, it being understood that in the event of a Sale this payment will only relate to a pro rata part of the Stock Options as stipulated in Article 10, such cash-payment based on the lower of:

   (a) the Fair Market Value, as determined in accordance with Article 9, of the Shares at the business day immediately prior to the date on which the employment was terminated minus the respective Exercise Prices multiplied by the number of such Stock Options and further costs and taxes in accordance with Articles 7, 11.4 and 12, and

   (b) the fair market value of the Shares upon a Sale or Change of Control, this fair market being calculated and determined by, and at the sole discretion of, the Board of NXP, minus the respective Exercise Prices multiplied by the number of such Stock Options and further costs and taxes in accordance with Articles 7, 11.4 and 12.

The amount due will be transferred to a bank account designated by the Participant as soon as reasonably practical upon a Sale or Change of Control.

4. The CEO may, following approval by the NCC, in individual cases including divestment and Sale scenario's, determine a price for the relevant Shares, or other conditions applicable to the Stock Options or Shares, more favourable for the relevant Participant than would apply pursuant to these Conditions. Under no circumstances shall the use of this right by the CEO or the approval granted by the NCC create or imply rights for any other Participant.

Article 9
Fair Market Value

Fair Market Value in any period after a Listing shall be determined by the Board, subject to the right of the NCC to review and approve same, and in accordance with the following: the weighted average of the closing stock prices on the last consecutive 15 trading days immediately preceding the relevant time on the stock exchange on which the Listing has occurred. If the Listing has occurred on more than one stock exchange, the closing stock price on the stock exchange on which the highest volume of shares has been traded in the aggregate of the relevant 15 trading days shall be used.

Article 10
Drag-along right and tag-along right

1. In the event of a Sale or Change of Control a Participant has the right to exercise his Stock Options and in the event of a Sale a Participant has the right to exercise his vested Stock Options, all in accordance with article 4 of these Conditions. If the Participant elects Shares to be delivered to him, the Participant is aware and agrees that the Initial Sponsors have the right, in relation to any Sale or Change of Control to require that the Participant sells to the relevant buyer a percentage of the Shares held by it equal to the percentage of Shares sold by the Initial Sponsors, on customary terms and conditions and for a consideration per Share equal to that received by the Initial Sponsors.
2. In the event that the Participant sells and transfers any Shares, the Participant shall receive the net proceeds of such sale of Shares.
3. Subject to Articles 4, 8 and 11, each Participant having exercised (part of) his Stock Options has the right, in relation to any Sale by the Initial Sponsors, to demand to be given the opportunity to sell that number of Shares held by such Participant determined by multiplying that number of his Shares by a percentage equal to the percentage of all the Initial Sponsor's Shares to be so sold, and on customary terms and conditions and for a consideration per Share equal to that received by the Initial Sponsors.
4. Where Articles 10.1 and 10.3 refer to "customary terms", this implies—among other things—that NXP shall on behalf of the Participants having exercised (part of) their Stock Options, make such representations and warranties concerning the relevant underlying business as are customary and usual in the context of the relevant transaction, subject to the CEO being allowed to participate in the negotiation of such representations and warranties and to make fair disclosure against the same and on the basis furthermore that any liability under such representations and warranties shall be pro rata the number of shares sold for their benefit.

Article 11
Listing

1. It shall be in the sole discretion of the Board when and in which form a Listing takes place. Participants are obliged to cooperate and give all consents and take all other measures reasonably requested by the Board in this respect and to enter into such customary lock-up agreement as the Board may reasonably request on the basis of advice received from the investment bank(s) acting as lead manager(s) for that Listing or as may be requested by the relevant underwriter(s) ("Lock-Up"), such request to be made after the Board considering the views of the Participants (such consideration being without prejudice to the obligation of the Participants to agree to such a request by the Board) and to comply with all applicable rules on insider trading.
2. Despite anything to the contrary in these Conditions, in the event of a Listing by way of a primary offering (i.e. listing of newly issued securities only), no Participant shall have any right to request the sale of any of his Shares or any of the securities into which they may have been converted.
3. In the event of a sale of shares on or following a secondary offering, the sale of listed securities must be effected in compliance with any applicable Lock-up, other customary restrictions as may be requested by the underwriters and any applicable insider trading rules.
4. Participants, having exercised (part of) their Stock Options, are entitled to all sales proceeds relating to such a sale of Shares, net of the relevant pro rata portion of any Permitted Expenses and net of any taxes related to such sale in respect of which there is a withholding obligation, all in accordance with Article 12. Permitted Expenses means any related transaction costs, fees and expenses, including without limitation all costs, fees and expenses incurred in respect of lawyers, accountants, investment banks, underwriters, debt providers, other financiers, consultants, and other advisors irrespective of the entity engaging them and all out of pocket expenses paid for or payable to third parties by the Company, any of the Initial Sponsors or any of their respective affiliates and excluding only any fees payable to any of the Initial Sponsors or their respective affiliates such as success fees and advisory fees.

Article 12
Net proceeds

1. In any circumstances when any payment is due to a Participant, this shall always be paid net of the *pro rata* portion of Permitted Expenses and net of any taxes.
2. Where consideration other than cash is received in respect of a transaction triggering the payment to a Participant, NXP shall have the choice, in its sole discretion, to cause the payment due to the Participant to be settled either in cash or in the same form of consideration as was received by the Initial Sponsors, provided that if the latter includes securities or other assets that are not Readily Marketable Securities, NXP shall undertake to put in place such arrangements as may be necessary to ensure that the relevant Participants are able to dispose of

such securities or other assets at the same time and on the same terms as the Initial Sponsors are able to dispose of such securities or other assets as it may hold to an unaffiliated third party (unless the Participants have agreed with the party paying the consideration to keep all or a portion of said securities for a period of time). Readily Marketable Securities means securities that are listed on a recognized investment exchange and may be immediately disposed of through the relevant exchange.

Article 13
General Provisions

1. The Board, following approval by the NCC, shall have the authority to interpret these Conditions, to establish, amend, and rescind any rules and regulations relating to these Conditions, to determine the terms and conditions of any agreements entered into hereunder, to make all other determinations necessary or advisable for the administration of these Conditions, and to determine other conditions applicable to the delivery of Shares, or pursuant to and cash-payment for the Stock Options more favourable for the relevant Participant than would apply pursuant to the Conditions. The Board may delegate the authority to practice administrative and operational functions with respect to the Conditions to officers or employees of subsidiaries of NXP and to service providers. Under no circumstances shall the use of the rights by the Board under this Article 13 create or imply rights for any other Participant.
2. No Participant shall have any rights or privileges of holders of Shares (including the right to receive dividends and to vote) with respect to Shares to be delivered pursuant to the exercise of Stock Options until such Shares are actually delivered to such Participant in accordance with these Conditions.
3. The (value of) Stock Options granted to, or Shares acquired by, a Participant pursuant to such Stock Option under these Conditions 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.
4. Nothing contained in these Conditions or in any grant made or agreement entered into pursuant hereto shall confer upon any Participant any right to be retained in employment with any Employing Company, or to be entitled to any remuneration or benefits not set forth in these Conditions or interfere with or limit in any way with the right of any Employing Company to terminate such Participant's employment or to discharge or retire a Participant at any time.
5. If a provision of these Conditions is deemed illegal or invalid, the illegality or invalidity shall not affect the remaining parts of these Conditions, these Conditions shall be construed as if the illegal or invalid provisions had not been included in these Conditions.
6. Where the context requires, words in either gender shall include also the other gender.
7. These Conditions shall be governed by and construed in accordance with the laws of The Netherlands. Any dispute arising under or in connection with these Conditions shall be settled by the competent courts in Amsterdam, The Netherlands, subject to appeal (*hoger beroep*) and supreme court appeal (*cassatie*).

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January, 2011

STRICTLY PERSONAL

NXP Management Equity Plan 2009

Stock Option terms
Version January 2011
(as revised to reflect NXP's listing at Nasdaq in August 2010, the deletion of accelerated vesting and the extension of the exercise period)

Article 1
Definitions

In these NXP Management Equity Stock Option Plan Conditions the following definitions shall apply:

1.	Board	:	the board of directors of NXP;
2.	CEO	:	the chief executive officer from time to time of NXP;
3.	Change of Control	:	a sale, directly or indirectly, of Shares in NXP in a transaction or series of related transactions resulting in the Initial Sponsors as hereinafter defined, and for each of its members, their respective affiliates (a) together no longer holding, directly or indirectly, 30% or more of the Shares and other equity instruments issued from time to time by NXP or (b) the sale or divestment of more than 50% of the assets of NXP to a non-affiliate in a transaction or series of related transactions whereby the net proceeds of such asset sale are to be distributed to shareholders of NXP;
4.	Conditions	:	the terms and conditions set out in this NXP Management Equity Stock Option Plan 2009, as revised to reflect NXP's listing at Nasdaq in August 2010, the deletion of accelerated vesting and the extension of the exercise period;
5.	Date of Grant	:	the date at which a Stock Option is granted pursuant to these Conditions. The relevant Date of Grant with respect to any grant hereunder shall be determined by NXP and the Participant shall be informed on this;
6.	Eligible Individual	:	means an employee of the NXP group or such other person as determined by the Board;
7.	Employing Company	:	any company within the NXP group of companies and such other company as NXP may from time to time designate or approve;
8.	Exercise Price	:	the price to be paid by the Participant to NXP to acquire a Share upon exercising a Stock Option. Such price, and the various series in which Stock Options may be granted, will be specified in the Grant. No Stock Options will be granted "in the money";
9.	Grant	:	the instrument by which the Board grants a Stock Option to one or more Eligible Individuals;
10.	Initial Sponsors	:	(a) KKR European Fund II, Limited Partnership; (b) Silver Lake Partners II Cayman, L.P.; (c) AlpInvest Partners CS Investments 2006 C.V.; (d) Bain Capital IX, L.P.; (e) Bain Capital Fund VIII-E, L.P.; (f) Apax Europe V - A, L.P.;

(g) Apax Europe VI - A, L.P.;

(h) such other persons to whom those sponsors have syndicated part of their direct or indirect investment in NXP as per January 1, 2007; and

(i) for each of the aforegoing persons, their respective affiliates;

11.	Listing	:	the listing of any shares, in a form determined by NXP, on a recognised stock exchange;
12.	NCC	:	nomination and compensation committee of the Board;
13.	NXP	:	NXP Semiconductors N.V.;
14.	Participant	:	an individual who participates in the Plan and holds any Stock Options or Shares under these Conditions;
15.	Plan	:	this NXP Management Equity Stock Option Plan 2009, as revised to reflect NXP's listing at Nasdaq in August 2010, the deletion of accelerated vesting and the extension of the exercise period;
16.	Sale	:	direct or indirect sale and transfer of Shares or the business to a third party not affiliated to one of the Initial Sponsors or a group company of NXP;
17.	Share	:	a common share in the capital of NXP as further defined in NXP's articles of association;
18.	Stock Option	:	the conditional right granted by NXP to an Eligible Individual to acquire one Share, subject to these Conditions. The Stock Options may be granted in four series: series 1, series 2, series 3 and series 4;
19.	Vesting Date	:	means the vesting date ascribed to it in Article 3.

Article 2
Grant of Stock Options

Any Stock Options may be granted by the Board to an Eligible Individual, subject to the Conditions and any additional terms as may be imposed on Grant. Any Stock Options offered to any such individual and the terms and conditions governing such Stock 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 Stock Options at a date determined by NXP.

Article 3
Vesting

1. Except as otherwise provided in Article 3.2 and 3.3, Stock Options will vest as indicated in the Grant. Unvested or lapsed Stock Options cannot be exercised.
2. The CEO may, subject to the approval of the NCC, in individual cases, determine a vesting schedule for the relevant Stock Options more favourable for the relevant Participant than would apply pursuant to paragraph 1 of this Article 3. Under no circumstances shall the use of this right by the CEO or the approval granted by the NCC create or imply rights for any other Participant.

Article 4
Exercise of Stock Options

1. A Participant may exercise (part of) his vested Stock Options only upon a Sale or during a period of five years after a Change of Control, subject to the provisions of Article 8. The Participants shall be notified in writing by the Board of the occurrence of such Sale or Change of Control. In no event shall there be any obligation to deliver any Shares to a Participant prior to such a Sale or Change of Control without the approval of the CEO in consultation with the NCC.
2. In order to exercise Stock Options, the Participant must notify NXP in accordance with a procedure determined by NXP.

   The notice by the Participant shall state:

   - the Date of Grant of the Stock Options he wishes to exercise;
   - the number of Stock Options to be exercised; and
   - whether Shares to be obtained upon such exercise:

     (i) be sold, on behalf of the Participant as soon as possible. Upon such sale, the aggregate revenue of the Shares sold upon exercise of the Stock Options less the respective Exercise Prices multiplied by the number of such Stock Options, and further costs and taxes in accordance with Articles 7, 11.4 and 12, will be paid to the Participant in accordance with a procedure determined by NXP, subject to Articles 10 and 11; or

     (ii) be delivered to the Participant as provided for in the Articles 4.3 and 4.4 hereof, subject to Articles 10 and 11.

   In case the Participant elects to have the Shares to be delivered to him, his notice shall be accompanied by the payment in full of the Exercise Price for the respective series of Stock Options exercised, multiplied by the number of Stock Options so being exercised, and costs and taxes as stipulated in Articles 7, 11.4 and 12. Such payment shall be made: (a) in cash, (b) through simultaneous sale of the underlying 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.
3. Subject to these Conditions, if the Participant elects Shares to be delivered to him upon exercise as provided in Article 4.2 (ii), NXP will, following receipt of the full Exercise Price, deliver to the relevant Participants the Shares on or as soon as reasonably practicable after the exercise of a Stock Option. In no event shall NXP have any obligation to deliver any Shares to a Participant prior to the exercise of any Stock Options.
4. Each Participant shall comply with any applicable “insider trading” laws and regulations.

Article 5
Non-transferability

The Stock Options are strictly personal and may not be assigned, transferred, pledged, hypothecated, or otherwise encumbered or disposed of in any manner. For the avoidance of doubt, in case of death of the Participant all vested Stock Options and all Shares held by such Participant at the date of death shall pass to such Participant's heirs or legatees in accordance with applicable inheritance laws. The Participant may not engage in any transactions on any exchange on the basis of any Stock Option. Any violation of the terms of this Article 5 in relation to Stock Options will cause all Stock Options to become immediately null and void without further notice and without the Participant being entitled to any compensation.

Article 6
Capital Adjustments in corporate events

The CEO shall, after approval of the NCC, make such equitable adjustments to the number of Stock Options, the Exercise Price for the respective series or the number or kind of Shares to be issued on exercise of Stock Options, or replace such Shares by shares in the capital of a NXP group company, as is appropriate to reflect corporate events such as a stock-dividend or stock-split, a recapitalization, a merger, a consolidation, a spin-off, a combination or exchange of shares or other significant corporate change, or any distribution of reserves to holders of Shares.

Article 7
Costs and Taxes

1. All costs of delivering any Shares under these Conditions to a Participant 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 Stock Options or becoming effective thereafter, and any changes or modifications therein and termination thereof which may result for the Participant in connection with these Conditions (including, but not limited to, the grant of the Stock Options, the ownership of the Stock Options and/or the delivery of any Shares under these Conditions, the ownership and/or the sale of any Shares acquired under these Conditions) 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 Employing Company to the Participant, or requiring the Participant or beneficiary of the Participant, to pay to NXP or any Employing Company as indicated by NXP an amount necessary to settle any Taxes and any costs determined by NXP necessary to be withheld in connection with these Conditions (including, but not limited to, the grant of the Stock Options or the delivery of any Shares under these Conditions).
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 Participant until NXP has received an amount, or the Participant has made such arrangements required by NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with these Conditions as determined by NXP.

Article 8
Termination of Employment

1. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.2, 8.3. or 8.4 hereof, if a Participant

   (a) dies, or becomes permanently disabled (as defined under the statutory local social security regulations;

   (b) retires in accordance with the relevant NXP group member's retirement scheme; or

   (c) ceases to be an employee of any member of the NXP group at the initiative of NXP other than for reasons referred to in paragraph 2 of this Article 8;

   such Participant, or his heirs or legatees in accordance with Article 5, during three months following a Change of Control or, if the employment terminates after a Change of Control, during three months following termination of the employment with an Employing Company, may exercise all Stock Options, and upon a Sale may exercise a pro rata part of his Stock Options, in each case such Stock Options which are vested at the time of the termination of the employment with the Employing Company, in accordance with Article 4, and subject to Articles 10 and 11 hereof. All unvested Stock Options shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company.

2. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.1, 8.3 and 8.4 hereof, if a Participant

   (a) is dismissed for urgent reasons as defined in article 7:678 of the Dutch Civil Code (or the equivalent thereof in other jurisdictions if Dutch law is not applicable to his employment);

   (b) voluntarily resigns and subsequently, in the two (2) year period following such resignation, directly or indirectly and in any capacity whatsoever engages in any activities in competition with the activities of any member of the Group; or

   (c) breaches any of the obligations imposed by or pursuant to the Conditions and the Grant;

   such Participant's vested and unvested Stock Options shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company.

3. Notwithstanding anything herein to the contrary and except as otherwise provided in Articles 8.1, 8.2. and 8.4 hereof, and subject to Articles 10 and 11, if a Participant ceases to be an employee of any member of the NXP group as a result of facts or circumstances other than those mentioned in Articles 8.1 and 8.2,

   • all his Stock Options, unvested upon termination of the employment, shall be forfeited effective as of the date of termination of the employment without the Participant being entitled to any compensation or any obligation on the part of NXP or any Employing Company;

   • upon a Sale or Change of Control, the Participant receives a cash-payment for the Stock Options vested upon the termination of the employment with an Employing Company, it being understood that in the event of a Sale this payment will only relate to a pro rata part of the Stock Options as stipulated in Article 10, such cash-payment based on the lower of:

   (a) the Fair Market Value, as determined in accordance with Article 9, of the Shares at the business day immediately prior to the date on which the employment was terminated minus the respective Exercise Prices multiplied by the number of such Stock Options and further costs and taxes in accordance with Articles 7, 11.4 and 12, and

(b) the fair market value of the Shares upon a Sale or Change of Control, this fair market being calculated and determined by, and at the sole discretion of, the Board of NXP, minus the respective Exercise Prices multiplied by the number of such Stock Options and further costs and taxes in accordance with Articles 7, 11.4 and 12.

The amount due will be transferred to a bank account designated by the Participant as soon as reasonably practical upon a Sale or Change of Control.

4. The CEO may, following approval by the NCC, in individual cases including divestment and Sale scenario's, determine a price for the relevant Shares, or other conditions applicable to the Stock Options or Shares, more favourable for the relevant Participant than would apply pursuant to these Conditions. Under no circumstances shall the use of this right by the CEO or the approval granted by the NCC create or imply rights for any other Participant.

Article 9
Fair Market Value

Fair Market Value in any period after a Listing shall be determined by the Board, subject to the right of the NCC to review and approve same, and in accordance with the following: the weighted average of the closing stock prices on the last consecutive 15 trading days immediately preceding the relevant time on the stock exchange on which the Listing has occurred. If the Listing has occurred on more than one stock exchange, the closing stock price on the stock exchange on which the highest volume of shares has been traded in the aggregate of the relevant 15 trading days shall be used.

Article 10
Drag-along right and tag-along right

1. In the event of a Sale or Change of Control a Participant has the right to exercise his Stock Options and in the event of a Sale a Participant has the right to exercise his vested Stock Options, all in accordance with article 4 of these Conditions. If the Participant elects Shares to be delivered to him, the Participant is aware and agrees that the Initial Sponsors have the right, in relation to any Sale or Change of Control to require that the Participant sells to the relevant buyer a percentage of the Shares held by it equal to the percentage of Shares sold by the Initial Sponsors, on customary terms and conditions and for a consideration per Share equal to that received by the Initial Sponsors.
2. In the event that the Participant sells and transfers any Shares, the Participant shall receive the net proceeds of such sale of Shares.
3. Subject to Articles 4, 8 and 11, each Participant having exercised (part of) his Stock Options has the right, in relation to any Sale by the Initial Sponsors, to demand to be given the opportunity to sell that number of Shares held by such Participant determined by multiplying that number of his Shares by a percentage equal to the percentage of all the Initial Sponsor's Shares to be so sold, and on customary terms and conditions and for a consideration per Share equal to that received by the Initial Sponsors.
4. Where Articles 10.1 and 10.3 refer to "customary terms", this implies—among other things—that NXP shall on behalf of the Participants having exercised (part of) their

Stock Options, make such representations and warranties concerning the relevant underlying business as are customary and usual in the context of the relevant transaction, subject to the CEO being allowed to participate in the negotiation of such representations and warranties and to make fair disclosure against the same and on the basis furthermore that any liability under such representations and warranties shall be pro rata the number of shares sold for their benefit.

Article 11
Listing

1. It shall be in the sole discretion of the Board when and in which form a Listing takes place. Participants are obliged to cooperate and give all consents and take all other measures reasonably requested by the Board in this respect and to enter into such customary lock-up agreement as the Board may reasonably request on the basis of advice received from the investment bank(s) acting as lead manager(s) for that Listing or as may be requested by the relevant underwriter(s) ("Lock-Up"), such request to be made after the Board considering the views of the Participants (such consideration being without prejudice to the obligation of the Participants to agree to such a request by the Board) and to comply with all applicable rules on insider trading.
2. Despite anything to the contrary in these Conditions, in the event of a Listing by way of a primary offering (i.e. listing of newly issued securities only), no Participant shall have any right to request the sale of any of his Shares or any of the securities into which they may have been converted.
3. In the event of a sale of shares on or following a secondary offering, the sale of listed securities must be effected in compliance with any applicable Lock-up, other customary restrictions as may be requested by the underwriters and any applicable insider trading rules.
4. Participants, having exercised (part of) their Stock Options, are entitled to all sales proceeds relating to such a sale of Shares, net of the relevant pro rata portion of any Permitted Expenses and net of any taxes related to such sale in respect of which there is a withholding obligation, all in accordance with Article 12. Permitted Expenses means any related transaction costs, fees and expenses, including without limitation all costs, fees and expenses incurred in respect of lawyers, accountants, investment banks, underwriters, debt providers, other financiers, consultants, and other advisors irrespective of the entity engaging them and all out of pocket expenses paid for or payable to third parties by the Company, any of the Initial Sponsors or any of their respective affiliates and excluding only any fees payable to any of the Initial Sponsors or their respective affiliates such as success fees and advisory fees.

Article 12
Net proceeds

1. In any circumstances when any payment is due to a Participant, this shall always be paid net of the *pro rata* portion of Permitted Expenses and net of any taxes.
2. Where consideration other than cash is received in respect of a transaction triggering the payment to a Participant, NXP shall have the choice, in its sole discretion, to cause the payment due to the Participant to be settled either in cash or in the same form of consideration as was received by the Initial Sponsors,

provided that if the latter includes securities or other assets that are not Readily Marketable Securities, NXP shall undertake to put in place such arrangements as may be necessary to ensure that the relevant Participants are able to dispose of such securities or other assets at the same time and on the same terms as the Initial Sponsors are able to dispose of such securities or other assets as it may hold to an unaffiliated third party (unless the Participants have agreed with the party paying the consideration to keep all or a portion of said securities for a period of time). Readily Marketable Securities means securities that are listed on a recognized investment exchange and may be immediately disposed of through the relevant exchange.

Article 13
General Provisions

1. The Board, following approval by the NCC, shall have the authority to interpret these Conditions, to establish, amend, and rescind any rules and regulations relating to these Conditions, to determine the terms and conditions of any agreements entered into hereunder, to make all other determinations necessary or advisable for the administration of these Conditions, and to determine other conditions applicable to the delivery of Shares, or pursuant to and cash-payment for the Stock Options more favourable for the relevant Participant than would apply pursuant to the Conditions. The Board may delegate the authority to practice administrative and operational functions with respect to the Conditions to officers or employees of subsidiaries of NXP and to service providers. Under no circumstances shall the use of the rights by the Board under this Article 13 create or imply rights for any other Participant.
2. No Participant shall have any rights or privileges of holders of Shares (including the right to receive dividends and to vote) with respect to Shares to be delivered pursuant to the exercise of Stock Options until such Shares are actually delivered to such Participant in accordance with these Conditions.
3. The (value of) Stock Options granted to, or Shares acquired by, a Participant pursuant to such Stock Option under these Conditions 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.
4. Nothing contained in these Conditions or in any grant made or agreement entered into pursuant hereto shall confer upon any Participant any right to be retained in employment with any Employing Company, or to be entitled to any remuneration or benefits not set forth in these Conditions or interfere with or limit in any way with the right of any Employing Company to terminate such Participant's employment or to discharge or retire a Participant at any time.
5. If a provision of these Conditions is deemed illegal or invalid, the illegality or invalidity shall not affect the remaining parts of these Conditions, these Conditions shall be construed as if the illegal or invalid provisions had not been included in these Conditions.
6. Where the context requires, words in either gender shall include also the other gender.
7. These Conditions shall be governed by and construed in accordance with the laws of The Netherlands. Any dispute arising under or in connection with these Conditions shall be settled by the competent courts in Amsterdam, The Netherlands, subject to appeal (*hoger beroep*) and supreme court appeal (*cassatie*).

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Global NXP Stock Option Program

TERMS AND CONDITIONS
OF
GLOBAL NXP STOCK OPTION PROGRAM

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, not being (a) Private Investor(s), 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. 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. Grant:	a grant of an Option to any Eligible Individual by NXP.
13. Grant Letter	the letter in which Options are granted to an Eligible Individual.
14. NXP:	NXP Semiconductors N.V.
15. Option:	a right granted by NXP under this Program to acquire one Share or the value in cash thereof, subject to this Program.
16. Option Holder:	a person holding any Options under this Program.
17. Private Investors:	The private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on August 5, 2010.
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 four-year vesting period as indicated 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*). In case of a Change of Control, an Option will fully (for 100%) vest (accelerated vesting).

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 Article 10. 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(3), 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 and after termination of his employment breaches any of the covenants of his employment or service contract, 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);

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 (*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, or (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Codefor cause.

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(3)(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. 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 de 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 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 Article 10 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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NXP Performance Stock Units Plan

TERMS AND CONDITIONS
OF
NXP PERFORMANCE STOCK UNITS PLAN

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, not being (a) Private Investor(s), 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. 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, 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.
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.	Grant Letter:	the letter in which Performance Stock Units are granted to an Eligible Individual.
10.	NXP:	NXP Semiconductors N.V.

11. Participant:	an individual who has accepted any Performance Stock Units under this Plan.
12. Performance Stock Unit:	the conditional right granted to a Participant to receive one Share, subject to the terms and conditions of this Plan.
13. Plan:	this NXP Performance Stock Units Plan.
14. Private Investors:	the private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on August 5, 2010.
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 and the performance conditions, 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 the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met and (ii) Article 4 (Termination of Employment). In case of a Change of Control, a Performance Stock Unit will fully (for 100%) vest (accelerated vesting).
2. Whether any performance conditions are met will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

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).

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 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 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.

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NXP Restricted Stock Units Plan

TERMS AND CONDITIONS
OF
NXP RESTRICTED STOCK UNITS PLAN

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, not being (a) Private Investor(s), 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. 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:	depending on whether a Restricted Stock Unit is categorized as a "1 Year Term Restricted Stock Unit", "2 Year Term Restricted Stock Unit" or "3 Year Term Restricted Stock Unit", the date of vesting shall be the first, second or third anniversary of the Date of Grant of such Restricted Stock Unit.
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. Grant Letter:	the letter in which Restricted Stock Units are granted to an Eligible Individual.
10. NXP:	NXP Semiconductors N.V.
11. Participant:	an individual who has accepted any Restricted Stock Units under this Plan.
12. Plan:	this NXP Restricted Stock Units Plan.
13. Private Investors:	the private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on August 5, 2010.
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 will 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 the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met and (ii) Article 4 (Termination of Employment). In case of a Change of Control, a Restricted Stock Unit will fully (for 100%) vest (accelerated vesting).
2. Whether any performance conditions are met will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

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).

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 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.

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 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 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 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.

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 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.

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NXP Share Plan

TERMS AND CONDITIONS
OF
NXP SHARE PLAN

Article 1
Definitions

In this NXP Share 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, not being (a) Private Investor(s), 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 Participant.
5.	Date of Grant:	the date at which a Share is granted pursuant to this Plan. The Dates of Grant of any Share shall be the same dates as the dates of publication of the NXP' annual and/or quarterly results. The relevant Date of Grant and categorization of any Share with respect to any grant hereunder shall be determined by NXP.
6.	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.
7.	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.
8.	Grant Letter:	the letter in which Shares are granted to an Eligible Individual.
9.	Lock-Up Period	the period during which the Shares cannot be transferred as set out in Article 4. During the lock-up

	period the Shares will be held on the Nominee Account. Depending on whether a Share is categorized as a "1 Year Term Share", "2 Year Term Share" or "3 Year Term Share", the lock-up period shall terminate on the first, second or third anniversary of the Date of Grant of such Share. In any event, the Lock-Up Period ends upon a Change of Control.
10. Nominee Account:	a custody account maintained in the name of a Participant established by an administrator designated by NXP.
11. NXP:	NXP Semiconductors N.V.
12. Participant:	an individual who has accepted any Share under this Plan.
13. Plan:	this NXP Share Plan.
14. Private Investors:	The private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on August 5, 2010.
15. Share:	a common share in the share capital of NXP.

Article 2
Grant of Shares

1. Any Shares 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 Share 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 Shares awarded, the performance conditions, if any, and the transfer back obligation.

Article 3
Transfer Back Obligation

1. A Participant is obliged to transfer back to NXP the relevant Shares acquired under the Plan and to pay back any distributions on such relevant Shares as the Participant has received from NXP, on the earliest of the following occasions, without any compensation:

a. if a Participant's employment terminates, and such Participant is no longer employed by any Employing Company, prior to the termination of the relevant Lock-Up Period;

b. if the relevant performance conditions, if and when indicated in the Grant Letter not being met prior to the termination of the relevant Lock-Up Period; or

c. upon violation by the Participant of any provision of this Plan or the Grant Letter.

2. After the occurrence of a Change of Control, a Participant is no longer obliged to transfer back to NXP any Shares acquired under the Plan, unless Article 3 (1)(c) applies.

Article 4
Lock-Up Period and Non-transferability

During the Lock-Up Period, the Shares 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. During the Lock-Up Period, the Participant may not engage in any transactions on any exchange on the basis of any Share.

Article 5
Delivery and Holding of Shares

1. NXP may require a Participant to maintain a Nominee 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 Nominee Account for any Participant. The Participant will provide NXP with the details thereof.

2. Subject to the terms and conditions of this Plan, and further to the Participants' election in accordance with a procedure established by NXP, NXP will deliver a Share to the Nominee Account of a Participant on or as soon as reasonably practicable after the Date of Grant.

3. Any Shares to be delivered pursuant to Article 5(2) will be credited to the Nominee Account.

4. Except as may be otherwise approved in writing by NXP in its sole discretion, in case a Participant no longer holds any Shares that are subject to a Lock-Up Period under any Plan, the Participant (or his or her estate or legal representatives, as the case may be) shall withdraw all Shares credited to the Participant's Nominee Account within two (2) months of the termination of the relevant Lock-Up Period. The Shares shall be transferred to the Participant's Custody Account, upon receipt of the details thereof. In case the Participant (or his or her estate or legal representatives, as the case may be) fails to comply with the foregoing obligations, then the Participant (or his or her estate or legal representatives, as the case may be) shall be deemed to have requested NXP to sell or cause to sell such Shares.

Article 6
Costs and Taxes

1. All costs connected with the Nominee Account shall be borne by NXP or the Employing Company.
2. 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.
3. 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 Share 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 Shares, 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.
4. 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 Shares or the delivery of any Shares under this Plan and any distributions on the Shares prior to the termination of the relevant Lock-Up Period).
5. NXP shall not be required to deliver any Shares and NXP may delay (or cause to be delayed) the transfer of any Shares from a Nominee Account to a Custody Account until NXP has received an amount, or the Participant has made such arrangements required by NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with this Plan as determined by NXP.
6. NXP is herewith authorised by the Participant to sell (part of) Participant's Shares credited to a Nominee Account and to maintain such part of the proceeds of this sale as payment to NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with this Plan as determined by NXP.

Article 7
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 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 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.

Non-recurring discretionary grant

4. 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.
5. The (value of) Shares granted to, or Shares acquired by a Participant pursuant to 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.
6. 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

7. 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.
8. Where the context requires, words in either gender shall include also the other gender.

Choice of law and forum

9. 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.

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Annex

Global NXP Stock Option Program 2011/12

TERMS AND CONDITIONS
OF
GLOBAL NXP STOCK OPTION PROGRAM 2011/12

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, not being (a) Private Investor(s), 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. 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.	Grant:	a grant of an Option to any Eligible Individual by NXP.
13.	Grant Letter	the letter in which Options are granted to an Eligible Individual, substantially in the form of Schedule [1].
14.	NXP:	NXP Semiconductors N.V.
15.	Option:	a right granted by NXP under this Program to acquire one Share or the value in cash thereof, subject to this Program.
16.	Option Holder:	a person holding any Options under this Program.
17.	Private Investors:	The private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on March 30, 2011.
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 four-year vesting period as indicated 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*). In case of a Change of Control, an Option will fully (for 100%) vest (accelerated vesting).

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 Article 10. 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(3), 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 and after termination of his employment breaches any of the covenants of his employment or service contract, 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);
   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 (*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, or (iii) with immediate effect because of an urgent cause (*dringende reden*) as referred to in article 7:678 of the Dutch Civil Codefor cause.
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(3)(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. 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 de 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 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 Article 10 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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NXP Performance Stock Units Plan 2011/12

TERMS AND CONDITIONS
OF
NXP PERFORMANCE STOCK UNITS PLAN 2011/12

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, not being (a) Private Investor(s), 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. 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, 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.
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.	Grant Letter:	the letter in which Performance Stock Units are granted to an Eligible Individual.
10.	NXP:	NXP Semiconductors N.V.

11.	Participant:	an individual who has accepted any Performance Stock Units under this Plan.
12.	Performance Stock Unit:	the conditional right granted to a Participant to receive one Share, subject to the terms and conditions of this Plan.
13.	Plan:	this NXP Performance Stock Units Plan.
14.	Private Investors:	the private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on March 30, 2011.
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 and the performance conditions, 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 the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met and (ii) Article 4 (Termination of Employment). In case of a Change of Control, a Performance Stock Unit will fully (for 100%) vest (accelerated vesting).
2. Whether any performance conditions are met will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

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).

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 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 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.

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NXP Restricted Stock Units Plan 2011/12

TERMS AND CONDITIONS
OF
NXP RESTRICTED STOCK UNITS PLAN 2011/12

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, not being (a) Private Investor(s), 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. 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:	depending on whether a Restricted Stock Unit is categorized as a "1 Year Term Restricted Stock Unit", "2 Year Term Restricted Stock Unit" or "3 Year Term Restricted Stock Unit", the date of vesting shall be the first, second or third anniversary of the Date of Grant of such Restricted Stock Unit.
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.	Grant Letter:	the letter in which Restricted Stock Units are granted to an Eligible Individual.
10.	NXP:	NXP Semiconductors N.V.
11.	Participant:	an individual who has accepted any Restricted Stock Units under this Plan.
12.	Plan:	this NXP Restricted Stock Units Plan.
13.	Private Investors:	the private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on March 30, 2011.
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 will 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 the relevant Date of Vesting subject to (i) any relevant performance conditions, if and when indicated in the Grant Letter, being met and (ii) Article 4 (Termination of Employment). In case of a Change of Control, a Restricted Stock Unit will fully (for 100%) vest (accelerated vesting).
2. Whether any performance conditions are met will be established by NXP in accordance with a procedure established by NXP.

Article 4
Termination of Employment

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).

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 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.

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 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 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 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.

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 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.

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NXP Share Plan 2011/12

TERMS AND CONDITIONS
OF
NXP SHARE PLAN 2011/12

Article 1
Definitions

In this NXP Share 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, not being (a) Private Investor(s), 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 Participant.
5.	Date of Grant:	the date at which a Share is granted pursuant to this Plan. The Dates of Grant of any Share shall be the same dates as the dates of publication of the NXP' annual and/or quarterly results. The relevant Date of Grant and categorization of any Share with respect to any grant hereunder shall be determined by NXP.
6.	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.
7.	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.
8.	Grant Letter:	the letter in which Shares are granted to an Eligible Individual, substantially in the form of Schedule 1.
9.	Lock-Up Period	the period during which the Shares cannot be transferred as set out in Article 4, which period shall be indicated and further specified in the Grant Letter for the respective Shares categorized as a "1 Year Term Share", "2 Year Term Share" or "3 Year Term Share". During the lock-up period the Shares will be held on the Nominee Account. In any event, the Lock-Up Period ends upon a Change of Control.
10.	Nominee Account:	a custody account maintained in the name of a Participant established by an administrator designated by NXP.

11.	NXP:	NXP Semiconductors N.V.
12.	Participant:	an individual who has accepted any Share under this Plan.
13.	Plan:	this NXP Share Plan.
14.	Private Investors:	The private investors, including the Private Equity Consortium, as defined and further explained in the registration statement on Form F-1 which NXP has filed with the US Securities and Exchange Commission on March 30, 2011.
15.	Share:	a common share in the share capital of NXP.

Article 2
Grant of Shares

1. Any Shares 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 Share 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 seven (7) 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 Shares awarded, the performance conditions, if any, and the transfer back obligation.

Article 3
Transfer Back Obligation

1. A Participant is obliged to transfer back to NXP the relevant Shares acquired under the Plan and to pay back any distributions on such relevant Shares as the Participant has received from NXP, on the earliest of the following occasions, without any compensation:
   a. if a Participant’s employment terminates, and such Participant is no longer employed by any Employing Company, prior to the termination of the relevant Lock-Up Period;
   b. if the relevant performance conditions, if and when indicated in the Grant Letter not being met prior to the termination of the relevant Lock-Up Period; or
   c. upon violation by the Participant of any provision of this Plan or the Grant Letter.
2. After the occurrence of a Change of Control, a Participant is no longer obliged to transfer back to NXP any Shares acquired under the Plan, unless Article 3 (1)(c) applies.

Article 4
Lock-Up Period and Non-transferability

During the Lock-Up Period, the Shares 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. During the Lock-Up Period, the Participant may not engage in any transactions on any exchange on the basis of any Share.

Article 5
Delivery and Holding of Shares

1. NXP may require a Participant to maintain a Nominee 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 Nominee Account for any Participant. The Participant will provide NXP with the details thereof.
2. Subject to the terms and conditions of this Plan, and further to the Participants' election in accordance with a procedure established by NXP, NXP will deliver a Share to the Nominee Account of a Participant on or as soon as reasonably practicable after the Date of Grant.
3. Any Shares to be delivered pursuant to Article 5(2) will be credited to the Nominee Account.
4. Except as may be otherwise approved in writing by NXP in its sole discretion, in case a Participant no longer holds any Shares that are subject to a Lock-Up Period under any Plan, the Participant (or his or her estate or legal representatives, as the case may be) shall withdraw all Shares credited to the Participant's Nominee Account within two (2) months of the termination of the relevant Lock-Up Period. The Shares shall be transferred to the Participant's Custody Account, upon receipt of the details thereof. In case the Participant (or his or her estate or legal representatives, as the case may be) fails to comply with the foregoing obligations, then the Participant (or his or her estate or legal representatives, as the case may be) shall be deemed to have requested NXP to sell or cause to sell such Shares.

Article 6
Costs and Taxes

1. All costs connected with the Nominee Account shall be borne by NXP or the Employing Company.
2. 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.
3. 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 Share 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 Shares, 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.
4. 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 Shares or the delivery of any Shares under this Plan and any distributions on the Shares prior to the termination of the relevant Lock-Up Period).

5. NXP shall not be required to deliver any Shares and NXP may delay (or cause to be delayed) the transfer of any Shares from a Nominee Account to a Custody Account until NXP has received an amount, or the Participant has made such arrangements required by NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with this Plan as determined by NXP.
6. NXP is herewith authorised by the Participant to sell (part of) Participant's Shares credited to a Nominee Account and to maintain such part of the proceeds of this sale as payment to NXP necessary to satisfy any withholding of any Taxes and any costs to be borne by the Participant in connection with this Plan as determined by NXP.

Article 7
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 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 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.

Non-recurring discretionary grant

4. 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.
5. The (value of) Shares granted to, or Shares acquired by a Participant pursuant to 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.
6. 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

7. 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.

8. Where the context requires, words in either gender shall include also the other gender.

Choice of law and forum

9. 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.

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Exhibit 12.1

CERTIFICATION

I, Rick 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.

Date: March 13, 2012

/s/ R. Clemmer

Rick Clemmer
Executive Director, President and
Chief Executive Officer

Exhibit 12.2

CERTIFICATION

I, Karl-Henrik Sundström, 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: March 13, 2012

/s/ K.-H. Sundström

Karl-Henrik Sundström
Executive Vice President and Chief Financial Officer

Exhibit 13.1

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, 2011 (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: March 13, 2012

/s/ R. Clemmer

Rick 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.

Exhibit 13.2

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, 2011 (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: March 13, 2012

/s/ K.-H. Sundström

Karl-Henrik Sundström
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.

Exhibit 21.1

LIST OF SIGNIFICANT SUBSIDIARIES OF THE REGISTRANT.

List of direct and indirect subsidiaries as of December 31, 2011

Country of incorporation	Name legal entity
Austria	NXP Semiconductors Austria GmbH
Belgium	NXP Semiconductors Belgium N.V.
Brazil	NXP Semiconductors Brasil Ltda
Canada	NXP Semiconductors Canada Inc.
China	NXP Semiconductors Guangdong Ltd.
China	NXP Semiconductors (Shanghai) Ltd.
China	Jilin NXP Semiconductors Ltd. (60%)*
Finland	NXP Semiconductors Finland Oy
France	NXP Semiconductors France SAS
Germany	SMST Unterstützungskasse GmbH
Germany	NXP Semiconductors Germany GmbH
Germany	NXP Semiconductors GA GmbH
Germany	NXP Stresemannallee 101 Dritte Verwaltungs GmbH
Hong Kong	NXP Semiconductors Hong Kong Ltd.
Hong Kong	Electronic Devices Ltd.
Hong Kong	Semiconductors NXP Ltd.
Hungary	NXP Semiconductors Hungary Ltd.
India	NXP Semiconductors India Pvt. Ltd.
Ireland	GloNav Ltd.
Japan	NXP Semiconductors Japan Ltd.
Korea	NXP Semiconductors Korea Ltd.
Malaysia	NXP Semiconductors Malaysia Sdn. Bhd.
Netherlands	NXP B.V.
Netherlands	NXP Semiconductors Netherlands B.V.
Netherlands	NXP Software B.V.
Philippines	NXP Semiconductors Philippines, Inc.
Philippines	NXP Semiconductors Cabuyao, Inc.
Poland	NXP Semiconductors Poland Sp.z.o.o.
Russia	NXP Semiconductors Russia O.O.O.
Singapore	NXP Semiconductors Singapore Pte. Ltd.
Singapore	Systems on Silicon Manufacturing Company Pte Ltd (61.2%)*
Sweden	NXP Semiconductors Sweden AB
Switzerland	NXP Semiconductors Switzerland AG
Taiwan	NXP Semiconductors Taiwan Ltd.
Thailand	NXP Manufacturing (Thailand) Co., Ltd.
Thailand	NXP Semiconductors (Thailand) Co., Ltd.
Turkey	NXP Semiconductors Elektonik Ticaret A.S.
United Kingdom	NXP Semiconductors UK Ltd.
United Kingdom	GloNav UK Ltd.
United Kingdom	NXP Laboratories UK Holding Ltd.
United Kingdom	NXP Laboratories UK Ltd.
USA	NXP Semiconductors USA, Inc.
USA	NXP Funding LLC
USA	NXP Semiconductors (GPS) USA, Inc.
USA	Jennic America Inc.

***** = joint venture

Exhibit 22

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. 333-172711) and on Form F-3 (No. 333-176435) of NXP Semiconductors N.V. and subsidiaries of our report dated March 13, 2012, with respect to the consolidated balance sheets of NXP Semiconductors N.V. and subsidiaries as of December 31, 2011 and 2010, 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, 2011, and the effectiveness of internal control over financial reporting as of December 31, 2011, which report appears in the December 31, 2011 Annual Report on Form 20-F of NXP Semiconductors N.V.

/s/ KPMG Accountants N.V.

Amstelveen, The Netherlands
March 13, 2012