NXP Semiconductors Announces Second Quarter 2010 Results

43.6% comparable year on year sales growth and increased gross profit

Highlights:

- Significant improvements in sales, Gross Profit and Income From Operations across the business
- Second quarter sales* of $1,201M compared to $903M in the second quarter of 2009 and $1,165M in the first quarter of 2010
- Comparable YoY sales* growth of 43.6%
- Gross margin of 39.3% compared to 20.6% in Q2 2009 and 36.7% in the first quarter of 2010
- Adjusted gross margin* of 40.1% compared to 30.7% in Q2 2009 and 38.2% in the first quarter of 2010
- Income From Operations of $93M compared to a loss of $217M in Q2 2009 and breakeven in the first quarter of 2010
- Adjusted Income From Operations* of $185M compared to a loss of $24M in Q2 2009 and a profit of $144M in the first quarter of 2010
- Cash position of $842M, down sequentially from $870M – Cash flow from operating activities in the quarter improved to $81M
- Factory loading based on wafer starts of 96%, compared to 62% in Q2 2009 and 93% in Q1 2010
- In July of this year we completed bond transactions to extend maturities of approximately $1 billion of debt to 2018
- In our Initial Public Offering announced on August 5, 2010 we issued 34M new shares; $476M of gross proceeds

* For the definition of Adjusted Gross profit/ margin, Adjusted Income From Operations and comparable sales refer to our registration statement on Form F-1, dated August 5 2010.

Eindhoven, The Netherlands, August 17, 2010 – Further to the release of preliminary second quarter results ahead of its initial public offering on Nasdaq, NXP Semiconductors N.V. (Nasdaq: NXPI) today officially announces its second quarter 2010 results.

Key data: NXP

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Q2 2009</th>
<th>Q1 2010</th>
<th>Q2 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>903</td>
<td>1,165</td>
<td>1,201</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>186</td>
<td>428</td>
<td>472</td>
</tr>
<tr>
<td>Adjusted Gross Profit</td>
<td>277</td>
<td>445</td>
<td>482</td>
</tr>
<tr>
<td>As % of sales</td>
<td>30.7</td>
<td>38.2</td>
<td>40.1</td>
</tr>
<tr>
<td>Income (loss) From Operations</td>
<td>(217)</td>
<td>0</td>
<td>93</td>
</tr>
<tr>
<td>Adjusted Income (loss) From Operations</td>
<td>(24)</td>
<td>144</td>
<td>185</td>
</tr>
<tr>
<td>As % of sales</td>
<td>(2.7)</td>
<td>12.4</td>
<td>15.4</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>89</td>
<td>231</td>
<td>269</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,373</td>
<td>870</td>
<td>842</td>
</tr>
</tbody>
</table>

See US-GAAP reconciliation table in the investor presentation available on the NXP-website.
Sales were $1,201 million in the second quarter of 2010, a comparable increase of 43.6% from the second quarter of 2009 and a comparable increase of 6.5% compared to the first quarter of 2010. The increase was visible across all business segments and regions.

Income From Operations in the second quarter of 2010 was $93 million compared to a loss of $217 million in the second quarter of 2009 and breakeven in the first quarter of 2010.

Adjusted Income From Operations was a profit of $185 million in the second quarter of 2010, compared to a loss of $24 million in the corresponding period last year and a profit of $144 million in the first quarter of 2010. The increase was explained mainly by savings from our Redesign Program and our increased market share in High Performance Mixed Signal.

NXP’s cash position at the end of the second quarter of 2010 was $842 million compared to $870 million at the end of the first quarter of 2010. The cash position was impacted by interest payments in the second quarter amounting to $110 million, restructuring payments related to the Redesign Program of $35 million, and unfavourable translation effects on liquid assets of approximately $50 million. Since the beginning of the Redesign Program in September of 2008 to the end of the second quarter of 2010, $554 million of restructuring costs related to the Redesign Program and other restructuring activities has been paid out, and over $650 million in annualized savings has been achieved.

Richard Clemmer, Chief Executive Officer of NXP, said:

“We are certainly encouraged by the improvements in sales, gross profit and Income From Operations across the company, as well as the improvements in the overall business environment, particularly when compared with one year ago. The increased success in winning new designs in High Performance Mixed Signal combined with the improved economic environment together with our ability to quickly ramp up production to meet higher demand from our customers has been key to our 62% comparable growth from last year in High Performance Mixed Signal.

“Lastly, I would like to welcome our new investors who participated in the IPO. We are confident that we are equipped to be successful going forward, focusing on the fastest growing sectors in electronics. By taking advantage of improved markets, together with our differentiated technology, world class cost structure and accelerated recent design wins, we can support a growth rate superior to the growth of the markets we serve.”

**Key data: High Performance Mixed Signal**

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Q2 2009</th>
<th>Q1 2010</th>
<th>Q2 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>454</td>
<td>695</td>
<td>719</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>174</td>
<td>330</td>
<td>379</td>
</tr>
<tr>
<td>Adjusted Gross Profit</td>
<td>180</td>
<td>340</td>
<td>378</td>
</tr>
<tr>
<td>As % of sales</td>
<td>39.6</td>
<td>48.9</td>
<td>52.6</td>
</tr>
<tr>
<td>Income (loss) From Operations</td>
<td>(43)</td>
<td>51</td>
<td>97</td>
</tr>
<tr>
<td>Adjusted Income From Operations</td>
<td>18</td>
<td>114</td>
<td>150</td>
</tr>
<tr>
<td>As % of sales</td>
<td>4.0</td>
<td>16.4</td>
<td>20.9</td>
</tr>
</tbody>
</table>

See US-GAAP reconciliation table in the investor presentation available on the NXP-website.
Sales in the High Performance Mixed Signal segment were $719 million in the second quarter of 2010, reflecting comparable growth of 61.6% from the same quarter last year.

Gross margin was 52.7% in the second quarter of 2010, compared to 38.3% in the second quarter of 2009. Adjusted gross margin was 52.6% in the second quarter of 2010, compared to 39.6% in the second quarter of 2009.

Income From Operations for High Performance Mixed Signal in the second quarter of 2010 was $97 million, compared to a loss of $43 million in the second quarter of 2009. Adjusted Income From Operations for High Performance Mixed Signal in the second quarter of 2010 was $150 million, compared to $18 million in the second quarter of 2009.

**Key data: Standard Products**

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>Q2 2009</th>
<th>Q1 2010</th>
<th>Q2 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>207</td>
<td>279</td>
<td>289</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>43</td>
<td>77</td>
<td>89</td>
</tr>
<tr>
<td>Adjusted Gross Profit</td>
<td>44</td>
<td>76</td>
<td>90</td>
</tr>
<tr>
<td>As % of sales</td>
<td>21.3</td>
<td>27.2</td>
<td>31.1</td>
</tr>
<tr>
<td>Income (loss) From Operations</td>
<td>(12)</td>
<td>24</td>
<td>29</td>
</tr>
<tr>
<td>Adjusted Income From Operations</td>
<td>9</td>
<td>39</td>
<td>49</td>
</tr>
<tr>
<td>As % of sales</td>
<td>4.3</td>
<td>14.0</td>
<td>17.0</td>
</tr>
</tbody>
</table>

See US-GAAP reconciliation table in the investor presentation available on the NXP-website.

Sales in the Standard Products segment were $289 million in the second quarter of 2010, reflecting comparable growth of 42.0% from the same quarter last year.

Gross margin was 30.8% in the second quarter of 2010, compared to 20.8% in the second quarter of 2009. The adjusted Gross margin was 31.1%, compared to 21.3% in the second quarter of 2009.

Income From Operations for Standard Products in the second quarter of 2010 was $29 million, compared to a loss of $12 million in the second quarter of 2009. Adjusted Income From Operations for Standard Products in the second quarter of 2010 amounted to $49 million, compared to $9 million in the second quarter of 2009.

**Recent developments**

**New bond offering**

On July 20, 2010, we issued $1,000 million aggregate principal amount of new 9¾% Senior Secured Notes due 2018 (the “New Secured Notes”). The New Secured Notes accrue interest at the rate of 9¾% per annum and mature on August 1, 2018. We have used the proceeds from the offering of New Secured Notes to repurchase approximately $968 million of Existing Secured Notes.

**Initial Public Offering**

On August 5, 2010, we announced the Company’s initial public offering of 34,000,000 shares of common stock priced at $14 per share. The shares began trading on August 6, 2010, on the NASDAQ Global Select
Market under the ticker symbol “NXPI”. The offering’s underwriters will have a 30-day option to purchase up to 5,100,000 additional shares of common stock at the initial public offering price.

**Third Quarter 2010 Outlook:**

We continue to experience healthy demand from our broad base of customers, although with a few isolated customers we are receiving recent mixed signals that indicate some slowing. Our overall demand, bolstered by our increased design wins, is greater than our current capacity.

Additional capacity to meet the demand is underway, however this will have only limited impact in the third quarter. Therefore our expectation is that total comparable sales will be relatively flat on a sequential basis, and will show an increase of 20%-25% on a year over year basis.

Primarily as a result of continuing strong progress in our redesign program, we expect adjusted income from operations to increase 7% to 13% sequentially.

The full Q2 report is available on the NXP website [www.nxp.com/investor](http://www.nxp.com/investor).

**Conference Call**

The 2010 second quarter results conference call for analysts and investors will be held at 3:00 p.m. CEST (09:00 a.m. EDT) hosted by Richard Clemmer, President & CEO, and Karl-Henrik Sundström, Executive Vice-President & CFO, on August 17 2010.

Netherlands +31 20 794 8455  
United States +1 480 629 9678  
United Kingdom +44 207 190 1595

To ensure a prompt start to the call, we advise participants to dial in 10-15 minutes prior to the call. In addition, the conference call will be available online via live audio webcast at [www.nxp.com](http://www.nxp.com) under “Investor Relations,” “Financial results.” A replay of the conference call will be available on our website ([www.nxp.com/investor](http://www.nxp.com/investor)) until the date referred to on our website.

- Ends -

**About NXP Semiconductors**

NXP Semiconductors N.V. (Nasdaq: NXPI) provides High Performance Mixed Signal and Standard Product solutions that leverage its 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. Headquartered in Europe, the company has approximately 28,000 employees working in more than 25 countries and posted sales of USD 3.8 billion in 2009. For more information visit [www.nxp.com](http://www.nxp.com).
Forward-looking Statements
This document includes forward-looking statements which include statements regarding our business strategy, financial condition, results of operations, and market data, as well as any other statements which are not historical facts. By their nature, forward-looking statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties include the following: market demand and semiconductor industry conditions, our ability to successfully introduce new technologies and products, the demand for the goods into which our products are incorporated, our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and research and development and capital investment requirements, our ability to accurately estimate demand and match our production capacity accordingly or obtain supplies from third-party producers, our access to production from third-party outsourcing partners, and any events that might affect their business or our relationship with them, our ability to secure adequate and timely supply of equipment and materials from suppliers, our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly, our ability to form strategic partnerships and joint ventures and successfully cooperate with our alliance partners, our ability to win competitive bid selection processes to develop products for use in our customers’ equipment and products, our ability to successfully establish a brand identity, our ability to successfully hire and retain key management and senior product architects; and, our ability to maintain good relationships with our suppliers. In addition, this document contains information concerning the semiconductor industry and our business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the semiconductor industry, our market segments and product areas will develop. We have based these assumptions on information currently available to us, if any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak to results only as of the date the statements were made; and, except for any ongoing obligation to disclose material information as required by the United States federal securities laws, we do not have any intention or obligation to publicly update or revise any forward-looking statements after we distribute this document, whether to reflect any future events or circumstances or otherwise. For a discussion of potential risks and uncertainties, please refer to the risk factors listed in our SEC filings. Copies of our filings are available from our Investor Relations department or from the SEC website, www.sec.gov.

Non-GAAP disclosure
Certain information provided in this release and the accompanying tables has not been derived in accordance with generally accepted accounting principles ("GAAP"). Reconciliations of these non-GAAP measures to measures calculated in accordance with GAAP are provided in the accompanying slides with summary analysis of the results as published on our website (www.nxp.com/investor). Non-GAAP information should not be considered a substitute for any information derived or calculated in accordance with GAAP. We believe that providing this information enhances an investor's understanding of our operating performance. Our management uses Adjusted IFO and Adjusted EBITDA to assess our company’s operating performance and to make decisions about allocating resources among our various segments. The non-GAAP measures used herein are not measures of financial performance or condition, liquidity or profitability in accordance with GAAP, and should not be considered as alternatives to net income (loss), operating income, IFO or any other performance measures determined in accordance with GAAP. Our use of the terms Adjusted IFO and Adjusted EBITDA varies from others in our industry. Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as interest payments, tax payments, debt service requirements and replacement of fixed assets. Adjusted EBITDA and Adjusted IFO have limitations as analytical tools and
should not be considered in isolation or as substitutes for analysis of the Company’s financial results as reported under GAAP.

For further information, please contact:

Investors:
Albert Hollema
albert.hollema@nxp.com
+31 40 27 25610

Larry James (U.S.)
ljames@att.net
+1 214-444-8773

Media:
Lieke de Jong-Tops
lieke.de.jong-tops@nxp.com
Tel. +31 40 27 25202