



NXP Financial Results

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Forward looking statements

This presentation includes forward-looking statements. When used in this presentation, 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 which 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, the 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 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 or raise sufficient capital 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.

We do not have any intention or obligation to update forward-looking statements after we distribute this presentation. In addition, this presentation contains information concerning the semiconductor industry, our market segments and business units 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, including through the market research and industry reports referred to in this document. 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, our future results of operations and financial condition, and the market price of the notes, could be materially adversely affected.



Good Progress in 2006

- ▶ Successful LBO from Philips Electronics
 - Highlight: NXP achieved great brand recognition through targeted campaigns (scored 65% in unaided awareness in just 5 months)
- ▶ 9% comparable sales growth in continued businesses vs. SAM Market growth of 8%
- ▶ Achieved business renewal cost reduction target > 250M Euro by end 2006
- ▶ Adjusted EBITDA of 921M Euro and adjusted EBITA of 325M Euro
- ▶ Year end cash position of 939M Euro

NXP P&L

	2005	2006		
		Q3 YTD	Q4 ex PPA	Total ex PPA
Total sales	4,766	3,770	1,190	4,960
<i>% business comparable growth</i>	<i>(0.8)</i>	<i>13.8</i>	<i>(3.7)</i>	<i>8.7</i>
Gross margin	1,833	1,439	428	1,867
Selling, general & administrative	(739)	(581)	(162)	(743)
Research & development	(1,028)	(737)	(258)	(995)
EBIT	102	139	11	150
EBITA	171	159	17	176
EBITDA	881	563	156	719
Adjusted EBITDA	1,030	707	214	921

Note:

PPA effects : one offs -645M, recurring -145M



Adjusted EBITA

	2005	2006		
		Q3 YTD	Q4 ex PPA	Total ex PPA
EBITDA	881	563	156	719
Exit of product lines	110	35	9	44
Minority Interest and results on unconsolidated companies	39	47	6	53
Restructuring	8	17	4	21
Other items	(8)	45	39	84
Adjusted EBITDA	1,030	707	214	921
Depreciation	(749)	(451)	(145)	(596)
Adjusted EBITA	281	256	69	325

Cash flow

	2005	2006		
		Q3 YTD	Q4	FY
EBITDA (ex PPA)	881	563	156	719
Changes in Working Capital	75	-8	194	186
Net cash used for investing activities	-358	-457	-184	-641
Cash and cash equivalents at end of year	110	159	939	939

Sales per Business Unit

	2005		2006	
	Total	% comparable growth (*)	Total	% comparable growth (*)
Mobile & Personal	1,618	6.1	1,568	(3.3)
Home	1,002	(5.5)	942	2.1
Automotive & Identification	719	0.9	872	22.5
MultiMarket Semiconductors	1,238	(0.5)	1,345	19.7
IC Manufacturing Organization (IMO)	146	(18.9)	168	16.3
Corporate and Other	43		65	
Total sales	4,766	(0.8)	4,960	8.7

* Currency comparable excluding discontinued activities

EBIT per Business Unit

	2005		2006	
	Total	As a % of sales	Total	As a % of sales
Mobile & Personal	72	4.4	42	2.7
Home	(85)	(8.5)	(55)	(5.9)
Automotive & Identification	168	23.4	194	22.3
MultiMarket Semiconductors	139	11.2	272	20.2
IC Manufacturing Organization (IMO)	32		(22)	
Corporate and Other	(224)		(281)	
EBIT	102	2.1	150	3.0

- Figures excluding PPA effect

Outlook

- ▶ Our updated revenue guidance for Q1 is -6% to -9% sequential decline over Q4 (currency comparable basis)
- ▶ Book to bill ratio is around 1
- ▶ Our factory loading in Q1 is expected to be in the low-to-mid 70%

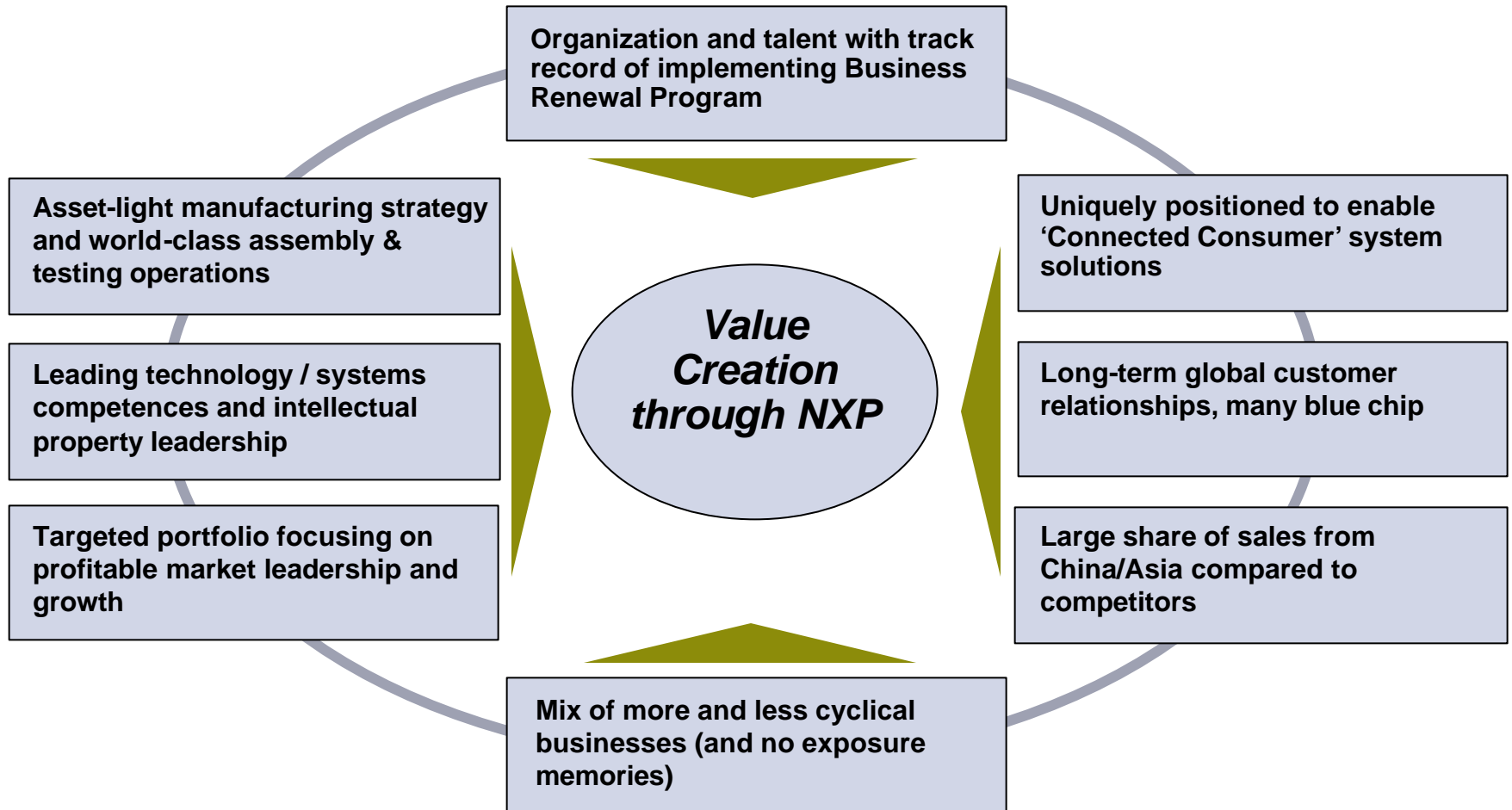


Strategy going forward

- ▶ Portfolio Focus
 - Healthy mix of mature, growth and emerging businesses
 - High proportion of ASSPs (versus standard products and ASICS)
 - High growth “connected consumer” focus
 - Market leadership positions in Mobile & Personal, Home, Automotive & Identification
 - Strong MultiMarket business based on leading system solutions and best-in-class IP/components
- ▶ Sound capital structure, conservative financing
- ▶ Deliver target of 5-15% adjusted EBITA over semiconductor cycle



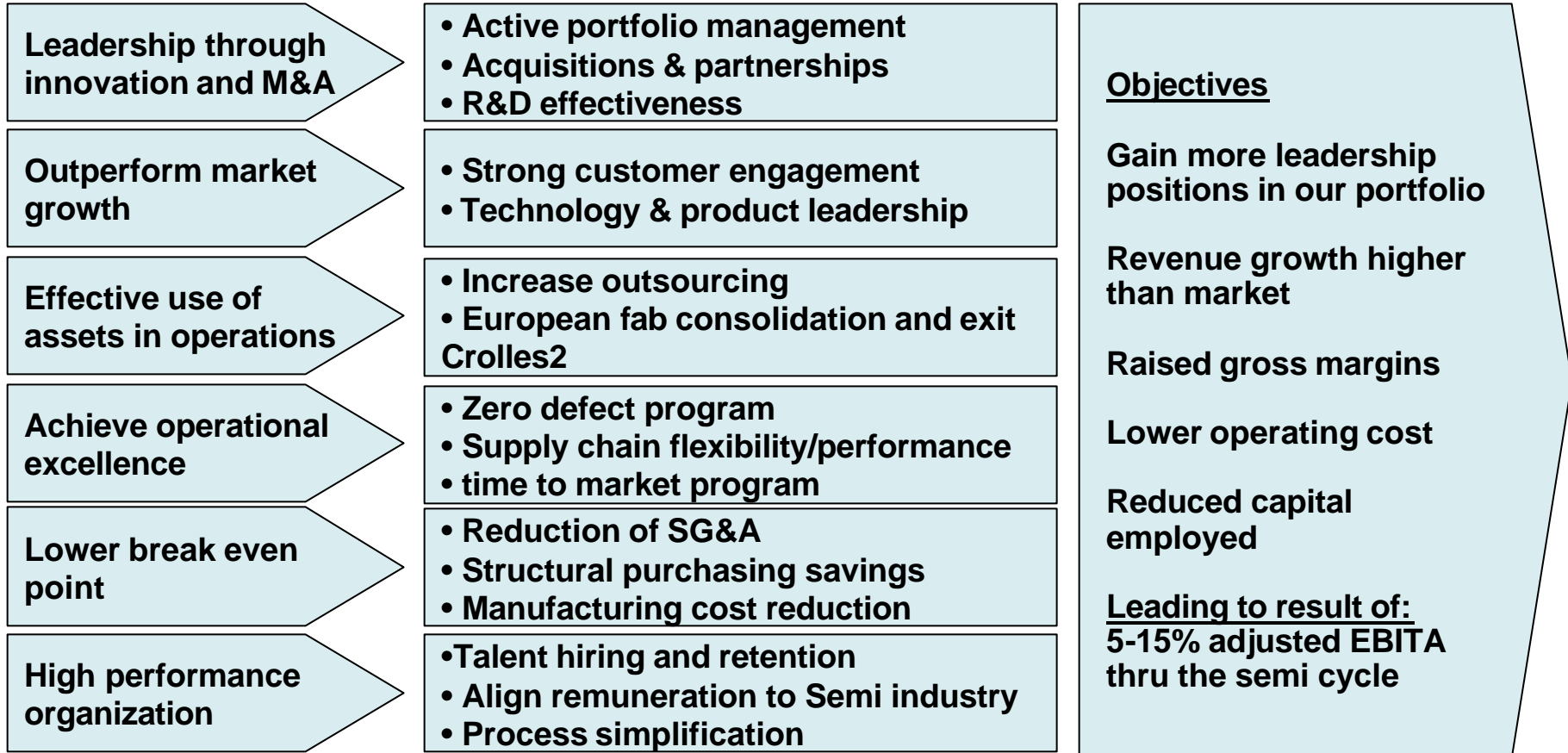
We will continue to create value



Performance Improvement Actions are defined with Business Renewal II roadmap 2007-2010

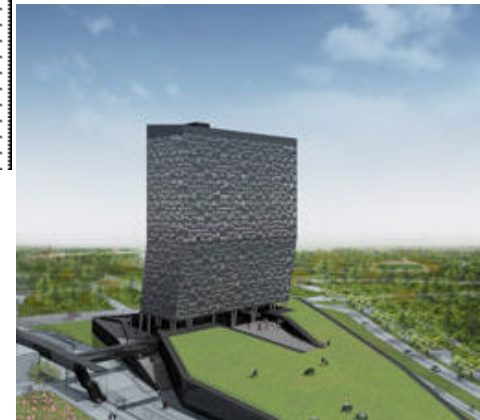
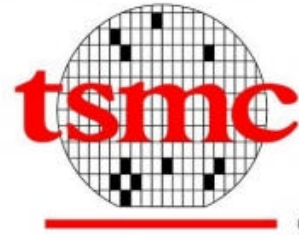


Improvement Actions and Objectives:



Execution of Business Renewal II is fully underway as of Q1 '07

- ▶ Transitioning from Crolles2 to TSMC partnership
- ▶ Measures deployed in SG&A
- ▶ Consolidation in front-end manufacturing Europe (Nijmegen, Boeblingen)
- ▶ Efficiency improvement in Philippines
- ▶ NXP and ASE team up to form joint venture for IC testing and packaging in Suzhou
- ▶ Realizing advantages of being a stand-alone company (e.g. simpler IT infrastructure, purchasing)
- ▶ Acquisition of Silicon Labs wireless business



Delivering innovation to the market



Home

- ▶ TV520: HD for mass market
- ▶ STB225: HD over satellite, digital terrestrial & cable
- ▶ TDA18211 Silicon Tuner



MMS

- ▶ GreenChip III
- ▶ 32-bit Microcontroller family
- ▶ Integrated Wimax transceiver
- ▶ ESD protection devices



Mobile/Personal

- ▶ PNX0190 Personal media player
- ▶ PCF50635 power management unit
- ▶ PNX7210 cellular system solution w/Linux



Automotive

- ▶ TJA1080 FlexRay for in-vehicle networking
- ▶ PNX9520 media processor for infotainment
- ▶ PCF7961 single-chip immobilizer and keyless entry



Identification

- ▶ PN511: NFC transmission module
- ▶ ICODE smart label IC for pharma
- ▶ MOB6 thin contactless IC package



Conclusions

- ▶ Good start for NXP
 - Comparable sales growth above SAM growth
 - Achieved 250M Euro cost reduction targets
 - EBITA improving in line with goal of 5-15%
 - Healthy cash position
- ▶ Well-defined strategy provides value creation opportunities and growth and leadership in selected areas
- ▶ Rigorous execution of strategy through Business Renewal II
- ▶ Successful completion of acquisition of Silicon Labs wireless business



Balance sheet

	At the end of 2005	At the end of 2006
Tangible Fixed Assets	2,056	2,284
Intangible Fixed Assets	58	3,065
Working Capital	318	315
Provisions	(141)	(422)
NOC Excl Goodwill	2,291	5,242
Goodwill	213	2,032
NOC	2,504	7,274
Participations in uncons.companies	48	44
Other non-current items	120	39
Total	2,672	7,357
Total Debt	(1,483)	(4,449)
Liquid assets	110	939
Net Debt	(1,373)	(3,510)
Group Equity	(1,299)	(3,847)
Total	(2,672)	(7,357)