NXP Semiconductors

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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 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.

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 update forward-looking statements after we distribute this document. In addition, this document 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, 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.

Headlines for Q3

- Third quarter sales at EUR 1,211 million vs EUR 1,141 million in the second quarter
- Currency and business comparable sequential sales growth of 7.4% (nominal growth 6.1%), comparable year on year decrease of 2.8%*
- Third quarter adjusted EBITDA, excluding effects of Purchase Price Accounting, at EUR 226 million (adjusted EBITA, excluding effects PPA at EUR 97 million)
- Cash position increased to EUR 681 million at end of third quarter, compared to EUR 514 million at the end of the second quarter of 2007
- Book to bill ratio of 1.01 in third quarter
- Factory loading up to 85% in the third quarter from 74% in the second quarter and 69% in the first quarter of 2007
- We shipped the 500 millionth RF Transceiver, giving us a leading position in the RF CMOS market
- We are well on our way to realize the EUR 100 million savings on a run rate basis by the end of 2007

*Cordless &VoIP Terminal operations exited as per the end of August following completion of the sale of the business

NXP P&L, all amounts in millions of EUR

	Q3-2006	Q1-2007	Q2-2007	Q3-2007	YTD-Q3 2006	YTD-Q3 2007
Total sales	**1,282**	**1,115**	**1,141**	**1,211**	**3,770**	**3,467**
% comparable growth (year over year)	15.1	(2.7)	(4.8)	(2.8)	16.9	(2.2)
Gross margin	504	366	296	470	1,439	1,131
Selling, General & administrative	(187)	(177)	(180)	(171)	(581)	(517)
Research & development	(257)	(245)	(238)	(240)	(737)	(733)
Other business income	6	5	5	86	18	96
EBIT	**66**	**(51)**	**(117)**	145	**139**	**(23)**
EBITA	**56**	**(51)**	**(120)**	**135**	**111**	**(36)**
EBITDA	**203**	**85**	**14**	**264**	**563**	**363**
Adjusted EBITA	**120**	**3**	**7**	**97**	**255**	**107**
Adjusted EBITDA	**267**	**139**	**141**	**226**	**707**	**506**

Note: PPA effects excluded

Adjusted EBITA, all amounts in millions of EUR

	Q3-2006	Q1-2007	Q2-2007	Q3-2007	YTD Q3 2006	YTD Q3 2007
Net Income	**27**	**(98)**	**(144)**	**132**	**5**	**(110)**
Financial expense	4	70	76	(39)	22	107
Income tax	21	(28)	(57)	37	65	(48)
Depreciation and amortization	151	141	139	134	471	414
EBITDA	203	**85**	**14**	264	**563**	**363**
Exit of product lines	12	0	5	0	35	5
Minority Interest and results on unconsolidated companies	14	5	8	15	47	28
Restructuring	**6**	30	97	7	17	134
Other items	**32**	19	17	(60)	45	(24)
Adjusted EBITDA	**267**	**139**	**141**	**226**	**707**	**506**
Depreciation fixed assets	(147	(136)	(134)	(129)	(452)	(399)
Adjusted EBITA	**120**	**3**	**7**	**97**	**255**	**107**

Note: PPA effects excluded

Cash flow

all amounts in millions of EUR

	Q3-2006	Q1-2007	Q2-2007	Q3-2007	YTD Q3 2006	YTD Q3 2007
EBITDA	**203**	**85**	**14**	**264**	**563**	**363**
Changes in Working Capital	(126)	(9)	164	109	(70)	264
Net cash provided by operating activities	**53**	**(12)**	**85**	**202**	**468**	**275**
Net cash used for investing activities	(176)	(291)	(179)	4	(457)	(466)
Cash and cash equivalents at end of period	**159**	**620**	**514**	**681**	**159**	**681**

Note: - PPA effects excluded
- Q1 2007 investing activities include EUR 214 million SiLabs wireless acquisition
- Q2 2007 investing activities include EUR 85 million for the final settlement with Philips

BU Mobile & Personal

Key figures

(millions of EUR)	Q3 2006	Q3 2007	Q3 2007 Excl. PPA
Sales	411	**429**	**429**
% nominal growth	(0.2)	**4.4**	**4.4**
% comparable growth	3.7	**5.3**	**5.3**
EBIT	15	**50**	**95**
EBITA	15	**93**	**95**

Performance

- The third quarter of 2007 resulted in a business comparable sequential nominal revenue growth of 10%. This increase has primarily been driven by Cellular sales. In addition the sales levels in Connected Entertainment and Sound Solutions went up
- Share of wallet growth at one of our top tier one customers
- Successfully completed the divestment of our Cordless & VoIP Terminal operations

Highlights

- New BU Mobile & Personal organization announced and implemented
- Shipped about 24 million system solution chipsets (baseband) in Q3 - 25% increase on Q2
- 500 millionth RF transceiver shipped giving us a leading position in the competitive RF CMOS market
- Sampling TD-SDCMA / HSDPA modem created in JV (T3G) including Samsung and Motorola
- Launched highly integrated, single-chip multimedia solution for ULC+
- Launched turnkey solution for China EDGE market shortening time to market
- Exited WLAN and TVoM front-end as part of portfolio review

BU Home

Key figures

(millions of EUR)	Q3 2006	**Q3 2007**	**Q3 2007 Excl. PPA**
Sales	246	**178**	**178**
% nominal growth	(10.5)	**(27.6)**	**(27.6)**
% comparable growth	7.1	**(22.3)**	**(22.3)**
EBIT	(15)	**(44)**	**(23)**
EBITA	(15)	**(24)**	**(23)**

Performance

- Q3 shows a sequential growth of more than 10% (160 in Q2 vs 178 in Q3). Growth was seen in all Home businesses
- The Home restructuring program is resulting in better R&D focus on key priorities in Digital Video Systems and cost reduction plans in SG&A are being executed

Highlights

- Appointed Christos Lagomichos Executive VP - General Manager of Home Business
- Launched PNX5100, world's best-in-class video postprocessor IC for HD TV picture improvement. This is already resulting in major design wins with tier 1 DTV makers
- Design-wins in iDTV (TV522) with leading TV manufacturers
- Announced world's first quad-input HDMI1.3 receiver to enhance HDTV viewing: eliminates need for external switch, speeds-up TV design, reduces costs
- Several design-ins with tier 1 and tier 2 customers for analog LCD TV (LOCTOP R1)
- Introduction of Nagravision certified STB for operator market (STB215)
- Ramping up with two major US customers in Video Streaming STB (STB810, STB225)

BU Automotive & Identification

Key figures

(millions of EUR)	Q3 2006	**Q3 2007**	**Q3 2007 Excl. PPA**
Sales	214	**242**	**242**
% nominal growth	21.6	**13.1**	**13.1**
% comparable growth	23.4	**9.0**	**9.0**
EBIT	46	**29**	**57**
EBITA	46	**53**	**54**

Performance

- Automotive continued to show solid sales outgrowing the market. Our Identification operations remained stable in an overall slowing down market. The BU's year-on-year comparable growth reached a level of over 8%
- BU Automotive & Identification continues to increase investments strengthening the many leadership positions, both in market share and innovation.

Highlights

- KMA199E Sensor launched for design-in at major tier one automotive customers
- Two European carmakers are designing in our latest Flexray product
- PNX9520 for rear seat Entertainment design win with major US car maker
- Mifare AFC won over 10 cities this quarter
- Thai ID card project and UK Travel Card won
- World's first major commercial deployment of NFC in Austria
- Established a joint venture for mobile contacless chips with Sony, compatible with the Felica and Mifare standards

BU MultiMarket Semiconductors

Key figures

(millions of EUR)	Q3 2006	**Q3 2007**	**Q3 2007 Excl. PPA**
Sales	347	**302**	**302**
% nominal growth	8.8	**(13.0)**	**(13.0)**
% comparable growth	27.9	**(4.4)**	**(4.4)**
EBIT	71	**33**	**62**
EBITA	71	**59**	**62**

Performance

- In a strengthening market we maintained our market share
- BU MMS had a sound financial performance in the quarter, particularly driven by continued growth of the Application Specific Standard Products and good operational performance

Highlights

- Major GA design-ins at tier 1 and Chinese mobile handset makers
- Good traction in Logic with Distributors in Europe
- Announced Microsoft .NET Micro Framework support for popular LPC2000 and LPC3000 microcontroller families
- Expanded microcontroller portfolio for high performance applications (LPC2900 family)

IC Manufacturing Operations

Key figures

(millions of EUR)	Q3 2006	**Q3 2007**	**Q3 2007 Excl. PPA**
Sales	44	**37**	**37**
% nominal growth	12.8	**(15.9)**	**(15.9)**
% comparable growth	18.3	**(28.2)**	**(28.2)**
EBIT	(22)	**(8)**	**16**
EBITA	(22)	**(3)**	**16**

Performance

- The IC Manufacturing Operations improved the utilization rate of the fabs from 74% in Q2 to 85% in Q3
- As part of our MOOI program we realized an increase in productivity of about 4% in wafer fabs and 7% in assembly & test
- Integral yield (value based) remained stable in Q3 at the high level of 84.3%
- The cost of non-quality program is making significant contributions above expectation

Highlights

- Improved utilization from 74% to 85%
- Successful start of the assembly and test joint venture with ASE (called ASEN) in Suzhou, China, as part of our asset-light strategy
- On track with closure of Crolles and Boeblingen and restructuring in Nijmegen which is helping to reduce our Euro/Dollar exposure
- On track with restructuring in the Philippines

Management Agenda 2007 defined with Business Renewal II roadmap 2007-2010

Action plan

Roadmap	Performance measures	completion
High performance organization with inspired talented workforce	- Strengthened the Executive Management Team with the hiring of TI's Marc Cetto to lead the Mobile & Personal business and ST's Christos Lagomichos to lead the Home business - New BU Mobile & Personal and Home organizations announced and implemented	done done
Lower break even point	- Cost reduction of € 250 mln - EUR 100 million of total savings - On track with closure of Crolles and Boeblingen and restructuring in Nijmegen and the Philippines - IT savings as a result of the disentanglement are expected to overachieve targets set for 2007. We expect this will have continued impact in 2008	Run rate end 2008 Run rate end 2007 2007
Achieve Operational Excellence	- Integral yield (value based) remained stable in Q3 at the high level of 84.3% - The cost of non-quality program is making significant contributions above expectation in IC manufacturing organization - Time-to-Market program to speed up product introductions - Zero Defect Program	ongoing ongoing ongoing ongoing

Action plan

Roadmap	Performance measures	completion
Effective use of assets in organization	As part of our MOOI program we realized an increase in productivity of about 4% in wafer fabs and 7% in assembly & test	done
	Reduce exposure to Euro/ Dollar	ongoing
	Improved utilization	ongoing
	Increase outsourcing to 30% - 40%	2010
	Completed Assembly & test JV with ASE (ASEN) in Suzhou, China	done
	Lower break-even point, less vulnerability to cycles	ongoing
Outperform market growth	Active portfolio management and focus on our six growth segments:	
	• Acquisition and integration Silabs' Cellular business	done
	• Acquisition Sharp BlueStreak microcontroller productline	done
	• DSP Group and NXP Semiconductors close combination of Cordless & Voice over IP Terminal operations	done
Leadership through innovation and M&A	• Increased investment in 27 segments, maintained spending levels in 18 segments and right sized in 6 segments	done
	Resulting in scale growth / market share gain	ongoing

Outlook

- Outlook: The market remains soft and visibility remains short
- Given NXP's book-to-bill ratio of 1.01 in the third quarter, we expect low single digit sequential sales growth for the fourth quarter 2007 on a currency comparable basis