



**NXP Semiconductors  
UBS HYB conference  
Las Vegas, May 10, 2007**

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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.



# NXP Semiconductors – Reborn and Renewed

- ▶ Spin-out of Royal Philips Electronics' Semiconductor Division
- ▶ #2 in Europe, Top-10 global supplier
- ▶ Sales of € 5.0 Billion in 2006
- ▶ 37,000 employees
- ▶ Investing € 1 billion in R&D annually
- ▶ 25,000 patents
- ▶ Innovation Centers in USA, Austria, France, Germany, Netherlands, UK, India, China
- ▶ Private Equity owned



# NXP P&L

*all amounts in EUR*

	Q1-2006	Q4-2006	Q4-2006 (ex PPA)	Q1-2007	Q1-2007 (ex PPA)
<b>Total sales</b>	<b>1,250</b>	<b>1,190</b>	<b>1,190</b>	<b>1,115</b>	<b>1,115</b>
<i>% comparable growth (year over year)</i>	17.5	(3.7)	(3.7)	(2.7)	(2.7)
Gross margin	450	273	428	341	366
Selling, general & administrative	(201)	(282)	(162)	(297)	(177)
Research & development	(232)	(773)	(258)	(271)	(245)
Other business income	4	3	3	5	5
<b>EBIT</b>	<b>21</b>	<b>(779)</b>	<b>11</b>	<b>(222)</b>	<b>(51)</b>
<b>EBITA</b>	<b>15</b>	<b>(145)</b>	<b>11</b>	<b>(76)</b>	<b>(51)</b>
<b>EBITDA</b>	<b>173</b>	<b>26</b>	<b>156</b>	<b>85</b>	<b>85</b>
<b>Adjusted EBITDA</b>	<b>229</b>	<b>214</b>	<b>214</b>	<b>139</b>	<b>139</b>

Note:

PPA effects (Q4-2006): one offs -645M

PPA effects (Q1-2007): one offs -26M, recurring (including Silabs) -147M



# Adjusted EBITA

*all amounts in EUR*

	Q1-2006	Q4-2006 incl PPA	Q4-2006 ex PPA	Q1-2007 incl PPA	Q1-2007 ex PPA
<b>Net Income</b>	<b>(17)</b>	<b>(616)</b>	<b>(53)</b>	<b>(266)</b>	<b>(98)</b>
Financial expense	14	73	73	70	70
Income tax	6	(242)	(15)	(31)	(28)
Depreciation and amortization	170	811	151	312	141
<b>EBITDA</b>	<b>173</b>	<b>26</b>	<b>156</b>	<b>85</b>	<b>85</b>
Exit of product lines	11	9	9	0	0
Minority Interest and results on unconsolidated companies	18	6	6	5	5
Restructuring	11	4	4	30	30
Other items	16	39	39	19	19
<b>Adjusted EBITDA</b>	<b>229</b>	<b>84</b>	<b>214</b>	<b>139</b>	<b>139</b>
Depreciation fixed assets	(158)	(171)	(145)	(161)	(136)
<b>Adjusted EBITA</b>	<b>71</b>	<b>(87)</b>	<b>69</b>	<b>(22)</b>	<b>3</b>

# Cash flow

*all amounts in EUR*










	Q1-2006	Q4-2006 incl PPA	Q4-2006 ex PPA	Q1-2007 incl PPA	Q1-2007 ex PPA
<b>EBITDA</b>	173	26	156	85	85
Changes in Working Capital	81	431	314	-9	-9
Net cash used for investing activities	-124	-184	-184	-291	-291
<b>Cash and cash equivalents at end of period</b>	97	939	939	620	620

Note on cash used for investing activities:

Q1 2007 includes 214M for the acquisition of the wireless business of Silicon Labs

Q4 2006 includes 88M for the increase of the stake in SSMC

# Four Business Units Focused on Different Markets and Shared IC Manufacturing

	Application Specific Systems Businesses		Multi-Market		Other
Key positions	<b>Home</b>  <ul style="list-style-type: none"> <li>Analog TV</li> <li>Digital TV</li> <li>Set-top boxes</li> <li>PC Video</li> <li>Tuners</li> </ul>	<b>Mobile &amp; Personal ("M&amp;P")</b>  <ul style="list-style-type: none"> <li>Cellular pipe</li> <li>FM/TV-on-Mobile</li> <li>Connectivity</li> <li>Sound Solutions</li> <li>Cordless/VOIP</li> <li>Portable A/V</li> <li>Amplifiers</li> </ul>	<b>Automotive &amp; Identification ("A&amp;I")</b>  <ul style="list-style-type: none"> <li>Car radio</li> <li>In-vehicle networking</li> <li>Car access &amp; Imm.</li> <li>Tire Pressure Mon.</li> <li>Smart cards</li> <li>eGovernment</li> <li>RFID, NFC</li> </ul>	<b>Multi-Market Semiconductors ("MMS")</b>  <ul style="list-style-type: none"> <li>Transistors/diodes</li> <li>Int. Discretes</li> <li>GP Logic</li> <li>RF Products</li> <li>Interface, MCU</li> <li>Sensors</li> <li>Power Discretes</li> </ul>	<b>IC Manufacturing ("IMO") &amp; Other</b>  <p>IMO</p> <ul style="list-style-type: none"> <li>Front-end fabs</li> <li>Assembly &amp; Testing</li> <li>Outsourcing</li> </ul> <p>Other:</p> <ul style="list-style-type: none"> <li>CTO, IP, NXP Software, Emerging Semiconductor businesses</li> </ul>
	Customers				
2006 sales	€942 MM Sales	€1,568 MM Sales	€872 MM Sales	€1,345 MM Sales	€233 MM Sales

# Our Solutions are Adopted by a Strong Customer Base

50+ direct customers accounting for approximately 70% of sales

**Mobile and Personal**



















**Home**

















**Automotive / ID**

















**Distributors and EMS**





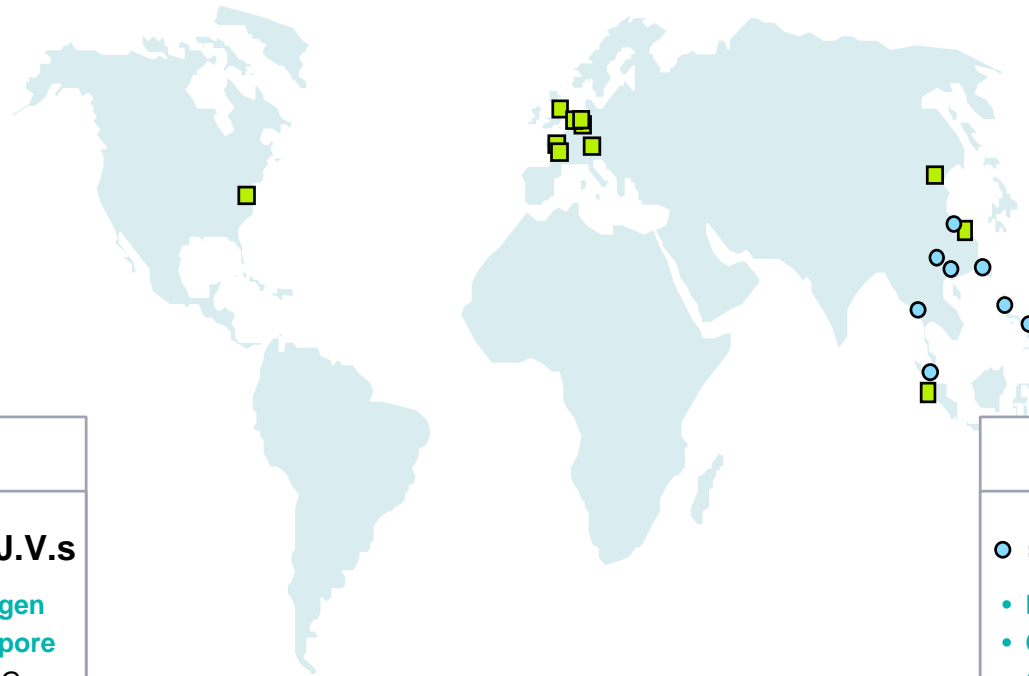









# NXP Semiconductors Manufacturing Base



## “front-end”

■ = Waferfabs incl. J.V.s

- Böblingen
- Caen
- Crolles2
- Fishkill
- Hamburg
- Nijmegen
- Singapore
- Hazel Grove
- Jilin
- Hamburg

= ICs

= discretetes

## “back-end”

○ = Assembly sites

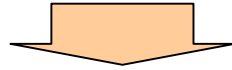
- Bangkok
- Cabuyao
- Calamba
- Suzhou
- Kaohsiung
- Hong Kong
- Seremban
- Guangdong

= ICs

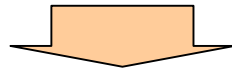
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# R&D-Driven Business Model

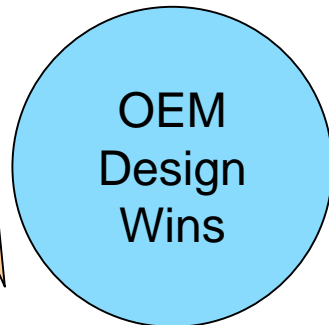
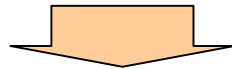
Customer/Market Vision



Technology/Product Roadmaps



Sustained and focused R&D investments



Sales Network  
Customer  
Support

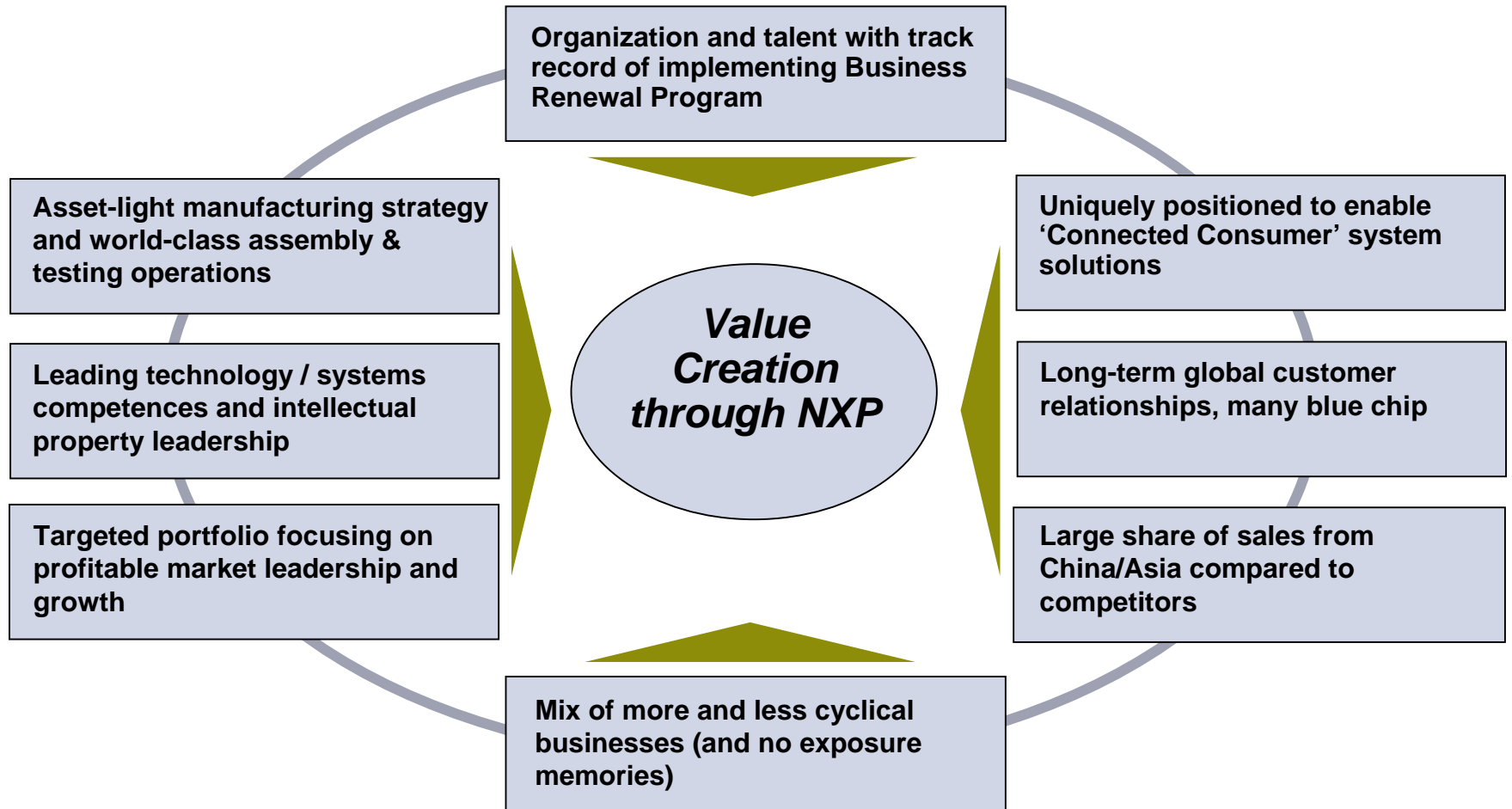
Competitive  
Manufacturing/  
Purchasing

- ▶ 6,700 engineers working on the latest technology to make NXP's customers successful
- ▶ R&D investments in key battles to win new designs
- ▶ 25,000+ patents
- ▶ More than 24 R&D centers worldwide working on technology powering consumers' next experience

# Resulting in Top Positions in Key Markets

- ▶ **MMS**
  - Leader in Standard Products
  - Shipping 50 billion products annually
  - 1 in 2 laptops uses our GreenChip power supply controller
  - NXP largest supplier to global distribution partners
- Mobile**
  - More than 200 million Nexperia cellular system solutions shipped
  - # 1 in mobile phone speakers
  - # 1 in FM radio ICs for portable applications
- Home**
  - 1 out of 2 TVs worldwide contains an NXP Chip
  - 4 in 10 PC TVs uses our silicon tuners
- ▶ **Automotive**
  - Every major car brand in the world carries an NXP chip
  - # 1 in car radio
- ▶ **Identification**
  - # 1 in NFC technology
  - # 1 in RFID solutions, with more than 1.5 billion ICs shipped
  - More than 80% of the world's e-passports use our Chips
  - 80% of all electronic tickets in public transport carry NXP solution (London, Sao Paulo, and 80+ cities in China)

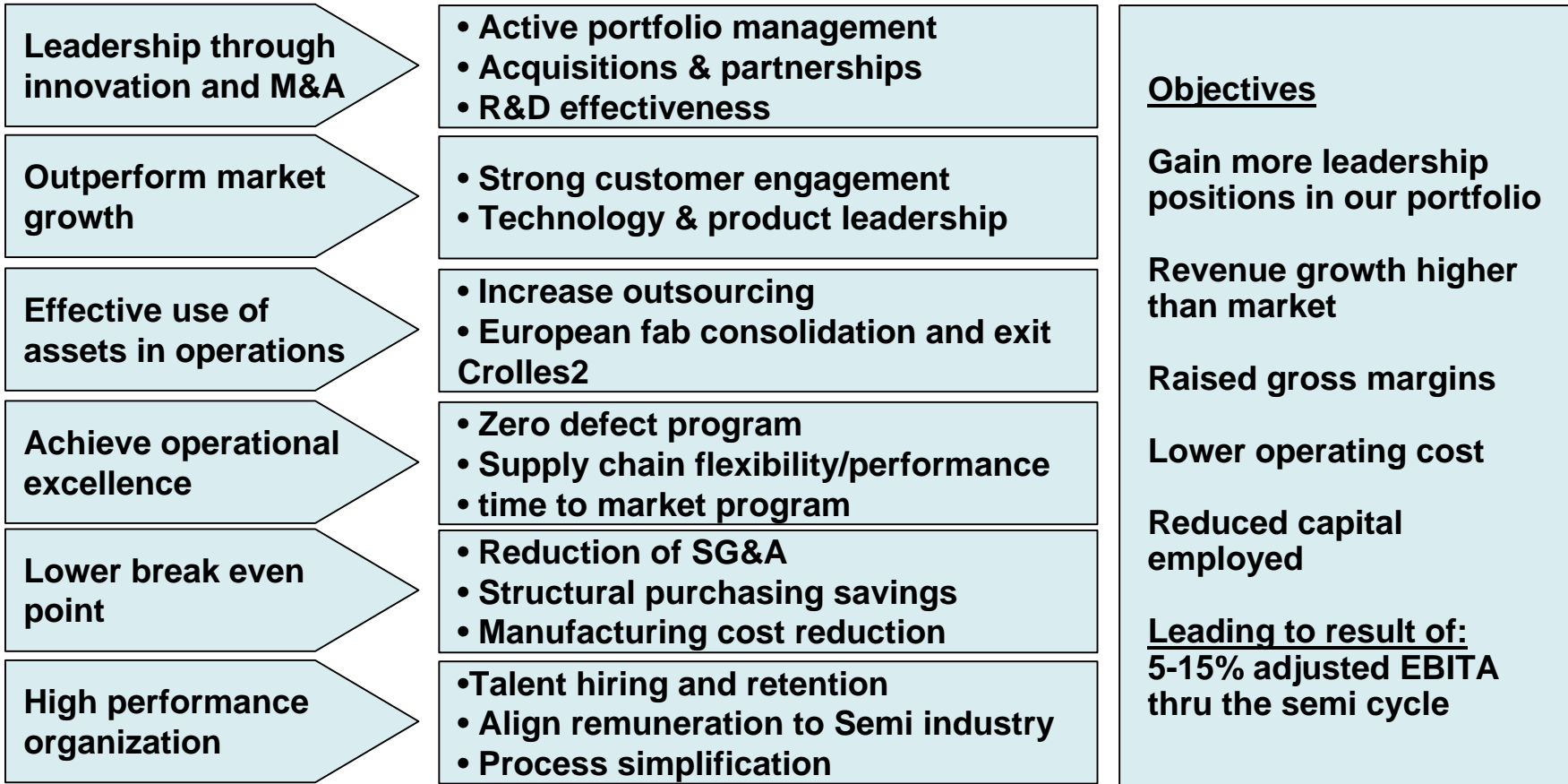
# We will continue to create value



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



# Improvement Actions and Objectives:

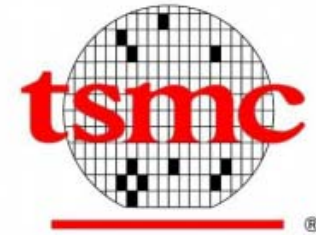


# Good Progress in 2006

- ▶ 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

# Significant measures taken in Q1 '07 with rigorous execution of Business Renewal Phase II

- ▶ TSMC manufacturing and R&D partnership
- ▶ SG&A cost saving measures deployed
- ▶ Consolidation in front-end manufacturing in Europe (Nijmegen, Boeblingen)
- ▶ Efficiency improvement in Philippines
- ▶ Finalizing NXP and ASE joint venture for IC testing and packaging in Suzhou, China
- ▶ Realizing advantages of being a stand-alone company (e.g. simpler IT infrastructure, purchasing)
- ▶ Closure of Silicon Labs wireless business acquisition on March 23



# Creating value through innovation and design wins

- ▶ Nexperia cellular system solution 5210 selected for first EDGE handset by Lenovo, the biggest mobile handset manufacturer in China
- ▶ Large order from Reliance Communications for ULC+ phones , using the Nexperia cellular system solution 5130 with FM radio and delivered via Kinpo Electronics, the large Taiwan ODM
- ▶ NXP and Purple Labs bring Linux operating system to mass-market 3G handsets
- ▶ Dedicated coprocessor enables high-quality portable audio player features with up to 100 hours playback time
- ▶ New Solid State Lighting portfolio introduced with first product, the UBA3001, delivering maximum flash for a camera phone
- ▶ NXP incorporates Microsoft Windows Vista inbox drivers to enable automatic installation of over 100 NXP-based PC TV tuner products
- ▶ SIRIUS selects Nexperia PNX9520 for satellite TV Service for Backseat TV in 2008 model year Chrysler vehicles
- ▶ Win with TAGSYS to combat drug counterfeiting using NXP's ICODE UID-OTP smart label IC for efficient and reliable item-level tracking and the electronic pedigree of pharmaceuticals
- ▶ GreenChip III – the third generation of energy-efficient ICs – products available to reduce power consumption by XX% for notebook adapters and LCD TVs



# Consistent execution of strategy positions us for next expected upturn

- ▶ Portfolio Focus
  - Healthy mix of mature, growth and emerging businesses
  - Market leadership positions in each of our business units
  - Focus on high growth “connected consumer” focus
  - Strong MultiMarket business based on leading system solutions and best-in-class IP/components
  - High proportion of Application Specific Standard Products (versus standard products and ASICS)
- ▶ Sound capital structure, conservative financing
- ▶ Deliver target of 5-15% adjusted EBITA over semiconductor cycle



# Outlook

- ▶ Market seems to have bottomed out. Yet, remains weak
- ▶ Based on Q1 book to bill ratio (1.03) and short visibility of order book (reflecting current volatility in the industry), we expect flat to low single digit sequential sales % (on a currency comparable basis) growth for the 2nd quarter 2007



