

NXP Semiconductors N.V.  
Form F-4  
April 02, 2015  
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As filed with the Securities and Exchange Commission on April 2, 2015

Registration No. 333-[ ]

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, D.C. 20549

**FORM F-4**  
**REGISTRATION STATEMENT**  
*UNDER THE SECURITIES ACT OF 1933*

**NXP Semiconductors N.V.**

(Exact name of registrant as specified in its charter)

**The Netherlands**  
(State or other jurisdiction of  
incorporation or organization)

**3674**  
(Primary Standard Industrial  
Classification Code Number)

**Not Applicable**  
(I.R.S. Employer  
Identification Number)

**High Tech Campus 60**

**Eindhoven 5656 AG**

**The Netherlands**

**Tel: +31 40 2729960**

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

**Guido Dierick**

**Executive Vice President, General Counsel and Secretary**

**High Tech Campus 60**

**Eindhoven 5656 AG**

**The Netherlands**

**Tel: +31 40 2729960**

(Name, address, including zip code, and telephone number, including area code, of agent of service)

*With copies to:*

**Gary Horowitz  
Elizabeth Cooper  
Simpson Thacher & Bartlett LLP  
425 Lexington Avenue  
New York, New York 10017  
(212) 455-2000**

**Jennifer Wuamett  
Senior Vice President, General Counsel  
and Secretary  
Freescale Semiconductor, Ltd.  
6501 William Cannon Drive West  
Austin, Texas 78735  
(512) 895-2000**

**Kenton King  
Allison Schneirov  
Amr Razzak  
Skadden, Arps, Slate, Meagher & Flom LLP  
4 Times Square  
New York, New York 10036  
(212) 735-3000**

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after this registration statement is declared effective and upon the satisfaction or waiver of all other conditions to the completion of the merger described herein.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

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If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer) "

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer) "

### CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit	Proposed maximum aggregate offering price	Amount of registration fee
Ordinary Shares, par value EUR 0.20 per share	120,902,285 <sup>(1)</sup>	N/A	\$12,274,932,944.49 <sup>(2)</sup>	\$1,426,347.21 <sup>(3)</sup>

\* Pursuant to Rule 416, this registration statement also covers an indeterminate number of additional ordinary shares of the registrant as may be issuable as a result of share splits, share dividends or similar transactions.

- (1) Represents the maximum number of the registrant's ordinary shares estimated to be deliverable pursuant to the transactions described in the enclosed joint proxy statement/prospectus, calculated by applying the exchange ratio of 0.3521 of an ordinary share of the registrant for each common share of Freescale, equal to the product of (i) the exchange ratio of 0.3521 of an ordinary share of the registrant for each common share of Freescale Semiconductor, Ltd. (Freescale), \$0.01 par value (a Freescale common share), pursuant to the Agreement and Plan of Merger, dated as of March 1, 2015 as may be amended, by and among Freescale, the registrant and Nimble Acquisition Limited multiplied by (ii) 343,374,849 Freescale common shares (which is the total number of Freescale common shares issued and outstanding, subject to or underlying existing Freescale stock options or warrants, Freescale restricted share units, Freescale performance-based restricted share units (assuming maximum performance) or that may be issued or granted prior to completion of the merger described herein).
- (2) The proposed maximum aggregate offering price of the registrant's ordinary shares was calculated in accordance with Rules 457(c) and 457(f) under the Securities Act as follows: (a) the product of (i) \$41.51, the average of the high and low prices per Freescale common share as reported on the New York Stock Exchange on March 30, 2015 and (ii) 343,374,849, (which is the total number of Freescale common shares issued and outstanding, subject to or underlying existing Freescale stock options or warrants, Freescale restricted share units, Freescale performance-based restricted share units (assuming maximum performance) or that may be issued or granted prior to completion of the merger described herein) minus (b) \$1,978,557,038, the estimated aggregate amount of cash to be paid for Freescale common shares to be cancelled in connection with the merger.
- (3) Determined in accordance with Section 6(b) of the Securities Act at a rate equal to \$116.20 per \$1,000,000 of the proposed maximum aggregate offering price.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.



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**The information in this joint proxy statement/prospectus is subject to completion and amendment. A registration statement relating to the securities described in this joint proxy statement/prospectus has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy these securities be accepted prior to the time the registration statement becomes effective. This joint proxy statement/prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction, in which such offer, solicitation or sale would be unlawful prior to registration under the securities laws of any such jurisdiction.**

**PRELIMINARY SUBJECT TO COMPLETION, DATED APRIL 2, 2015**

**JOINT PROXY STATEMENT/PROSPECTUS PROPOSED MERGER YOUR VOTE IS IMPORTANT**

Dear Shareholders:

We are pleased to report that NXP Semiconductors N.V. and Freescale Semiconductor, Ltd. have entered into an agreement and plan of merger pursuant to which Nimble Acquisition Limited, a wholly-owned, indirect subsidiary of NXP, will merge with and into Freescale, with Freescale surviving the merger as a wholly-owned, indirect subsidiary of NXP.

Pursuant to the terms and subject to the conditions set forth in the merger agreement, at the effective time of the merger, each holder of a common share of Freescale, par value \$0.01 per share, issued and outstanding immediately prior to such time (other than certain Freescale common shares which will be cancelled as set forth in the merger agreement) will be entitled to receive, with respect to each such Freescale common share, (i) 0.3521 of an NXP ordinary share, par value EUR 0.20 per share, and (ii) \$6.25 in cash, without interest.

Freescale common shares currently trade on the New York Stock Exchange under the ticker symbol FSL and NXP ordinary shares currently trade on the NASDAQ Global Select Market under the ticker symbol NXPI. NXP intends to list the NXP ordinary shares to be issued in connection with the merger on NASDAQ where, subject to official notice of issuance, they will trade under the ticker symbol NXPI. On [DATE], 2015, the most recent practicable trading day prior to the printing of this joint proxy statement/prospectus, the closing price of NXP ordinary shares was \$[ ] per share and the closing price of Freescale common shares was \$[ ] per share. **The value of the merger consideration will fluctuate with changes in the market price of NXP ordinary shares. We urge you to obtain current market quotations for NXP ordinary shares and for Freescale common shares.** Upon completion of the merger, former Freescale shareholders are currently expected to own approximately 32% of the NXP ordinary shares outstanding immediately after the merger, based on the number of NXP ordinary shares outstanding as of March 1, 2015, the date of the execution of the merger agreement. The receipt of NXP ordinary shares and cash in exchange for Freescale common shares in the merger will generally be a taxable transaction for Freescale shareholders for U.S. federal income tax purposes and may also be taxable under state, local and non-U.S. income and other tax laws.

Before the merger can be completed, NXP shareholders must vote to approve, among other things, the merger and the other transactions contemplated by the merger agreement, and Freescale shareholders must vote to approve the merger agreement and the merger. NXP and Freescale are sending you this joint proxy statement/prospectus to ask you to vote in favor of these matters.

The special general meeting of Freescale shareholders will be convened for [DATE], 2015, at [TIME], to be held at Freescale's principal executive offices located at 6501 William Cannon Drive West, Austin, Texas 78735. At this Freescale special meeting, Freescale shareholders will be asked to approve, among other things, the merger agreement and the merger. More information about the proposals to be voted on at this Freescale special meeting is contained in this joint proxy statement/prospectus. **The board of directors of Freescale has unanimously (i) determined that the merger consideration constitutes fair value for each Freescale common share and (ii) approved the merger agreement and determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Freescale and its shareholders. The Freescale board recommends that Freescale shareholders vote FOR the approval of the merger agreement and the merger and FOR the approval of the other proposals to be voted on at this Freescale special meeting as described in this joint proxy statement/prospectus.**

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The extraordinary general meeting of NXP shareholders will be held on [DATE], 2015, at [TIME], at NXP's principal executive offices located at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands. At this NXP special meeting, NXP shareholders will be asked to approve, among other things, the merger and the other transactions contemplated by the merger agreement. More information about the proposals to be voted on at this NXP special meeting is contained in this joint proxy statement/prospectus. **The board of directors of NXP has unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of NXP and its shareholders. The NXP board recommends that NXP shareholders vote FOR the approval of the merger and the other transactions contemplated by the merger agreement and FOR the approval of the other proposals to be voted on at this NXP special meeting as described in this joint proxy statement/prospectus.**

This joint proxy statement/prospectus is an important document containing answers to frequently asked questions, a summary description of the transactions contemplated by the merger agreement and more detailed information about NXP, Freescale, the merger agreement, the merger and the other transactions contemplated by the merger agreement and the other matters to be voted upon by NXP shareholders and Freescale shareholders as part of the NXP special meeting and the Freescale special meeting, respectively. We urge you to read this joint proxy statement/prospectus and the documents incorporated by reference carefully and in their entirety. **In particular, you should consider the matters discussed in the section entitled Risk Factors beginning on page 29.**

We look forward to the successful merger of NXP and Freescale.

Sincerely,

Richard L. Clemmer  
President and Chief Executive Officer  
NXP Semiconductors N.V.

Gregg Lowe  
President and Chief Executive Officer  
Freescale Semiconductor, Ltd.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued in connection with the merger or determined if this joint proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

This document is dated [DATE], 2015 and is first being mailed to NXP shareholders and Freescale shareholders on or about [DATE], 2015.

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**NXP SEMICONDUCTORS N.V.**

**High Tech Campus 60**

**Eindhoven 5656 AG**

**The Netherlands**

**NOTICE OF EXTRAORDINARY GENERAL MEETING To Be Held On [DATE], 2015**

Dear Shareholders:

This is a notice that NXP Semiconductors N.V. ( NXP ) will hold an extraordinary general meeting (the NXP special meeting ) on [DATE], 2015, at [TIME], at our principal executive offices located at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands.

At the NXP special meeting, we will discuss, and NXP shareholders will vote on, the following proposals:

- Proposal 1-A.*** to approve (within the meaning of article 2:107a of the Dutch Civil Code) the completion by NXP of the merger (the merger ) of Nimble Acquisition Limited, a wholly-owned, indirect subsidiary of NXP ( Merger Sub ), with and into Freescale Semiconductor, Ltd. ( Freescale ), with Freescale surviving the merger as a wholly-owned, indirect subsidiary of NXP and the other transactions contemplated by the agreement and plan of merger (the merger agreement ), dated as of March 1, 2015 and as may be amended from time to time, by and among Freescale, NXP and Merger Sub;
- Proposal 1-B.*** to authorize the board of directors of NXP (the NXP board ) for a period of 18 months, i.e., until and including [DATE], to issue up to [ ] NXP ordinary shares, par value EUR 0.20 per share (each, an NXP ordinary share ) and to authorize the NXP board to deliver the NXP ordinary shares held in treasury in connection with the merger, in each case, as payment of the portion of the merger consideration (as described in this joint proxy statement/prospectus) consisting of NXP ordinary shares in accordance with the merger agreement;
- Proposal 1-C.*** to authorize the NXP board for a period of 18 months, i.e., until and including [DATE], to grant the right to acquire up to [ ] NXP ordinary shares in connection with the assumption by NXP of the stock options, unvested restricted share units and unvested performance-based restricted share units granted by Freescale as further described in the section entitled The Merger Agreement Treatment of Freescale Equity Awards;
- Proposal 2-A.*** to appoint [NAME] as non-executive director of NXP, effective as of the effective time of the merger and for a term ending at the close of the first NXP annual general meeting held after such effective time; and
- Proposal 2-B.*** to appoint [NAME] as non-executive director of NXP, effective as of the effective time of the merger and for a term ending at the close of the first NXP annual general meeting held after such effective time.

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Proposals 1-A, 1-B and 1-C will be put to a vote as one single voting item. Proposals 2-A and 2-B will each be put to a vote separately.

This joint proxy statement/prospectus describes the proposals listed above in more detail. Please refer to the attached document, including the merger agreement and all other annexes and including any documents incorporated by reference, for further information with respect to the business to be transacted at the NXP special meeting. You are encouraged to read the entire document carefully before voting. **In particular, see the section entitled Risk Factors.**

The record date for the determination of shareholders entitled to vote at the NXP special meeting will be [DATE], 2015 (the NXP record date ), which is the 28th day prior to the date of the NXP special meeting. Only NXP shareholders who hold NXP ordinary shares of record or beneficially hold NXP ordinary shares on the NXP record date are entitled to vote at the NXP special meeting. Each NXP ordinary share entitles its holder to one vote at the NXP special meeting on each of the proposals.

**The NXP board has unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of NXP and its shareholders. The NXP board recommends that NXP shareholders vote FOR each of the proposals set forth above.**

**YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.** The merger cannot be completed without NXP shareholders approving, among other things, the completion by NXP of the merger and the other transactions contemplated by the merger agreement by the affirmative votes of a majority of the votes cast at the NXP special meeting.

NXP shareholders as of the NXP record date may have their NXP ordinary shares voted by submitting a proxy by following the instructions provided on the enclosed proxy card. NXP recommends that NXP shareholders entitled to vote submit a proxy even if they plan to attend the NXP special meeting.

NXP shareholders who hold their NXP ordinary shares beneficially in street name and wish to vote at the NXP special meeting must provide instructions to the broker, bank, trustee or other nominee that holds their NXP ordinary shares as to how to vote their NXP ordinary shares with respect to the above proposals. NXP shareholders who hold their NXP ordinary shares beneficially in street name and wish to vote in person at the NXP special meeting must obtain proxies issued in their own names (known as a legal proxy ).

If you have any questions concerning the merger agreement or the transactions contemplated by the merger agreement, including the merger, or this joint proxy statement/prospectus, would like additional copies or need help voting your NXP ordinary shares, please contact NXP's proxy solicitor:

[Proxy Solicitor]

[Address]

[Telephone]

On behalf of the Board of Directors

Guido Dierick

*Executive Vice President, General Counsel and Secretary*



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**FREESCALE SEMICONDUCTOR, LTD.**

**6501 William Cannon Drive West**

**Austin, Texas 78735**

**NOTICE OF SPECIAL GENERAL MEETING OF SHAREHOLDERS**

**To Be Held On [DATE], 2015**

Dear Shareholders:

This is a notice that a special general meeting of shareholders (the Freescale special meeting) of Freescale Semiconductor, Ltd. (Freescale) will be convened for [DATE], 2015, at [TIME], to be held at our principal executive offices located at 6501 William Cannon Drive West, Austin, Texas 78735, unless adjourned or postponed to a later date or time.

At the Freescale special meeting, we will discuss, and Freescale shareholders will vote on, the following proposals:

- Proposal 1.** to approve the agreement and plan of merger (the merger agreement), dated as of March 1, 2015 and as may be amended from time to time, by and among Freescale, NXP Semiconductors N.V. (NXP) and Nimble Acquisition Limited, a wholly-owned, indirect subsidiary of NXP (Merger Sub), and the merger of Merger Sub with and into Freescale (the merger), with Freescale surviving the merger as a wholly-owned, indirect subsidiary of NXP pursuant to the merger agreement;
- Proposal 2.** to approve on an advisory (non-binding) basis the compensation arrangements and compensation that may be paid or become payable to Freescale's named executive officers that is based on or otherwise related to the merger; and
- Proposal 3.** to approve the adjournment of the Freescale special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger.

Completion of the merger is conditioned on, among other things, approval of Proposal 1 above.

This joint proxy statement/prospectus describes the proposals listed above in more detail. Please refer to the attached document, including the merger agreement and all other annexes and including any documents incorporated by reference, for further information with respect to the business to be transacted at the Freescale special meeting. You are encouraged to read the entire document carefully before voting. **In particular, see the section entitled Risk Factors.**

Under the laws of Bermuda, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company (a shareholder of record) is entitled to receive fair value for its shares. The board of directors of Freescale (the Freescale board) unanimously considers the merger consideration to constitute fair value for each Freescale common share. Based on the closing price of \$[ ] for an NXP ordinary share on [DATE], 2015, the merger consideration was equal to \$6.25 per Freescale common share in cash, plus 0.3521 of an NXP ordinary share, for a combined dollar value equivalent to \$[ ].

Any Freescale shareholder of record who is not satisfied that it has been offered fair value for its Freescale common shares and whose Freescale common shares are not voted in favor of the approval of the merger agreement and the merger, may exercise its appraisal rights under Section 106 of the Companies Act of 1981, as

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amended, of Bermuda (the Companies Act ) to have the fair value of its Freescale common shares appraised by the Supreme Court of Bermuda. Any Freescale shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its Freescale common shares with the Supreme Court of Bermuda within ONE MONTH after the date the notice convening the Freescale special meeting is deemed to have been received.

The Freescale board has fixed the close of business on [DATE], 2015 as the record date (the Freescale record date ) for determination of Freescale shareholders entitled to receive notice of, and to vote at, the Freescale special meeting or any adjournments or postponements thereof, or to exercise the appraisal rights conferred on dissenting shareholders by the laws of Bermuda. Only Freescale shareholders of record at the close of business on the Freescale record date are entitled to receive notice of, and to vote at, the Freescale special meeting or any adjournment or postponement thereof, or to exercise the appraisal rights conferred on dissenting shareholders by the laws of Bermuda.

**The Freescale board has unanimously (i) determined that the merger consideration constitutes fair value for each Freescale common share and (ii) approved the merger agreement and determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Freescale and its shareholders. The Freescale board recommends that Freescale shareholders vote FOR the approval of the merger agreement and the merger; FOR the approval on an advisory (non-binding) basis the compensation arrangements and compensation that may be paid or become payable to Freescale's named executive officers that is based on or otherwise related to the merger; and FOR the adjournment of the Freescale special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger.**

**YOUR VOTE IS VERY IMPORTANT REGARDLESS OF THE NUMBER OF SHARES THAT YOU OWN.** The merger cannot be completed without the approval of the merger agreement and the transactions contemplated by the merger agreement, including the merger, by the affirmative vote, in person or by proxy, of holders of a majority of the issued and outstanding Freescale common shares entitled to vote as of the Freescale record date for the Freescale special meeting, voting together as a single class.

Freescale shareholders as of the Freescale record date may have their Freescale common shares voted by submitting a proxy by following the instructions provided on the enclosed proxy card. Freescale recommends that Freescale shareholders entitled to vote submit a proxy even if they plan to attend the Freescale special meeting.

Freescale shareholders who hold their Freescale common shares beneficially in street name and wish to submit a proxy must provide instructions to the broker, bank, trustee or other nominee that holds their Freescale common shares as to how to vote their Freescale common shares with respect to Proposals 1, 2 and 3. Freescale shareholders who hold their Freescale common shares beneficially in street name and wish to vote in person at the Freescale special meeting must obtain proxies issued in their own names (known as a legal proxy ).

If you have any questions concerning the merger agreement or the transactions contemplated by the merger agreement, including the merger, or this joint proxy statement/prospectus, would like additional copies or need help voting your Freescale common shares, please contact Freescale's proxy solicitor:

[Proxy Solicitor]

[Address]

[Telephone]

By order of the Board of Directors

Jennifer B. Wuamett

*Senior Vice President, General Counsel & Secretary*

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**ADDITIONAL INFORMATION**

This joint proxy statement/prospectus incorporates important business and financial information about NXP and Freescale that is not included in or delivered with this joint proxy statement/prospectus. **This information is available to you without charge upon your written or oral request. You can obtain the documents incorporated by reference into this joint proxy statement/prospectus free of charge by requesting them in writing or by telephone from the appropriate company or its proxy solicitor at the following addresses and telephone numbers:**

**For NXP shareholders:**

**NXP Semiconductors N.V.  
High Tech Campus 60  
Eindhoven 5656 AG  
The Netherlands  
Tel: +31 40 2729960  
Attention: Mr. Jean Schreurs**

**[Proxy Solicitor]  
[Address]  
[Telephone]**

**For Freescale shareholders:**

**Freescale Semiconductor, Ltd.  
6501 William Cannon Drive West  
Austin, Texas 78735  
Tel: (512) 895-2000  
Attention: Secretary**

**[Proxy Solicitor]  
[Address]  
[Telephone]**

**If you would like to request any documents, please do so by [DATE], 2015 in order to receive them before the NXP special meeting or the Freescale special meeting, as applicable.**

For a more detailed description of the information incorporated by reference into this joint proxy statement/prospectus and how you may obtain it, see the section entitled "Where You Can Find More Information."

**ABOUT THIS JOINT PROXY STATEMENT/PROSPECTUS**

This joint proxy statement/prospectus, which forms part of a registration statement on Form F-4 filed by NXP with the U.S. Securities and Exchange Commission, which we refer to in this joint proxy statement/prospectus as the "SEC," constitutes a prospectus of NXP under the Securities Act of 1933, as amended, which we refer to in this joint proxy statement/prospectus as the "Securities Act," with respect to the NXP ordinary shares to be issued to Freescale shareholders in connection with the merger. This joint proxy statement/prospectus also constitutes a joint proxy statement for both NXP and Freescale under the Securities Exchange Act of 1934, as amended, which we refer to in this joint proxy statement/prospectus as the "Exchange Act." It also constitutes a notice of meeting with respect to the NXP special meeting and a notice of meeting with respect to the Freescale special meeting.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated [DATE], 2015, and you should assume that the information contained in this joint proxy statement/prospectus is accurate only as of such date. You should also assume that the information incorporated by reference into this joint proxy statement/prospectus is only accurate as of the date of such information.

**This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding NXP has been provided by NXP and information contained in this joint proxy statement/prospectus regarding Freescale has been provided by Freescale.**

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**QUESTIONS AND ANSWERS**

*The following questions and answers are intended to briefly address some questions that you, as an NXP shareholder or a Freescale shareholder, may have regarding the merger and the other matters being considered at the NXP extraordinary general meeting or the Freescale special general meeting. NXP and Freescale urge you to carefully read the remainder of this joint proxy statement/prospectus because the information in this section does not provide all the information that might be important to you. Additional important information is also contained in the annexes to and the documents incorporated by reference into this joint proxy statement/prospectus.*

Unless the context otherwise requires or if stated otherwise, in this joint proxy statement/prospectus all references to:

the combined company refer to NXP following completion of the merger and the other transactions contemplated by the merger agreement;

Freescale refer to Freescale Semiconductor, Ltd., a Bermuda exempted limited liability company;

NXP refer to NXP Semiconductors N.V., a Dutch public limited liability company;

Merger Sub refer to Nimble Acquisition Limited, a Bermuda exempted limited liability company and wholly-owned, indirect subsidiary of NXP; and

the merger agreement refer to the Agreement and Plan of Merger, dated as of March 1, 2015, by and among Freescale, NXP and Merger Sub, a copy of which is included as Annex A to this joint proxy statement/prospectus, as it may be amended from time to time.

**Q: Why am I receiving this document?**

A: Freescale, NXP and Merger Sub have entered into the merger agreement providing for the merger of Merger Sub with and into Freescale, which we refer to in this joint proxy statement/prospectus as the merger, with Freescale surviving the merger as a wholly-owned, indirect subsidiary of NXP.

Before the merger can be completed, NXP shareholders must vote to approve, among other things, the merger and the other transactions contemplated by the merger agreement, and Freescale shareholders must vote to approve the merger agreement and the merger. NXP and Freescale are sending you this joint proxy statement/prospectus to ask you to vote in favor of these matters. NXP will hold an extraordinary general meeting, which we refer to in this joint proxy statement/prospectus as the NXP special meeting, on [DATE], 2015 and Freescale will hold a special general meeting of shareholders, which we refer to in this joint proxy statement/prospectus as the Freescale special meeting, on [DATE], 2015 to obtain these approvals and the approval of certain other proposals that are not conditions to the completion of the merger.

This joint proxy statement/prospectus, which you should read carefully, contains important information about the merger agreement, the merger and the other transactions contemplated by the merger agreement and other matters being considered at the NXP special meeting and the Freescale special meeting. The enclosed voting materials allow you to vote your shares without attending the applicable special meeting. Your vote is very important and we encourage you to submit your proxy as soon as possible.

**Q: What will Freescale shareholders receive for their shares?**

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A: As the effective time of the merger, which we refer to in this joint proxy statement/prospectus as the effective time, each holder of a common share of Freescale, par value \$0.01 per share, which we refer to in this joint proxy statement/prospectus as a Freescale common share, issued and outstanding immediately prior to such time (other than certain Freescale common shares which will be cancelled as set forth in the merger agreement) will be entitled to receive, with respect to each such Freescale common share:

0.3521 of an NXP ordinary share, par value EUR 0.20 per share, which we refer to in this joint proxy statement/prospectus as an NXP ordinary share; and



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\$6.25 in cash, without interest, which, together with the fraction of the NXP ordinary share set forth above, we refer to in this joint proxy statement/prospectus as the merger consideration.

In addition, Freescale shareholders will not receive any fractional NXP ordinary shares in connection with the merger. Instead, each Freescale shareholder that would have been entitled to receive a fraction of an NXP ordinary share will instead receive cash compensation in lieu of such fractional share as described further in the section entitled The Merger Agreement Effects of the Merger; Conversion of Freescale Common Shares.

Upon completion of the merger, former Freescale shareholders are currently expected to own approximately 32% of the NXP ordinary shares outstanding immediately after the merger, based on the number of NXP ordinary shares outstanding as of March 1, 2015, the date of the execution of the merger agreement. For additional information regarding the consideration to be received in the transactions, see the sections entitled The Merger Effects of the Merger and The Merger Agreement Effects of the Merger; Conversion of Freescale Common Shares.

**Q: How do I calculate the value of the merger consideration?**

Because NXP will deliver a fixed number of NXP ordinary shares for each Freescale common share, the value of the merger consideration that Freescale shareholders will receive in the merger for each Freescale common share will depend on the price per NXP ordinary share at the time the merger is completed. That price will not be known at the time of the NXP special meeting or the Freescale special meeting and may be less than the current price or the price at the time of such special meetings.

Based on the closing price of \$84.90 per NXP ordinary share on the NASDAQ Global Select Market, which we refer to in this joint proxy statement/prospectus as NASDAQ, on February 27, 2015, the last trading day before the public announcement of the merger, the portion of the merger consideration consisting of NXP ordinary shares was valued at approximately \$29.89, resulting in an aggregate value of the merger consideration of \$36.14 per Freescale common share. Based on the closing price of \$[ ] per NXP ordinary share on NASDAQ on [DATE], 2015, the most recent practicable trading day prior to the printing of this joint proxy statement/prospectus, the portion of the merger consideration consisting of NXP ordinary shares was valued at approximately \$[ ], resulting in an aggregate value of the merger consideration of \$[ ] per Freescale common share.

**Q: What proposals are being voted on at the NXP special meeting and what shareholder vote is required to adopt those proposals?**

A: NXP shareholders are being asked to vote on the following proposals at the NXP special meeting:

a proposal to approve (within the meaning of article 2:107a of the Dutch Civil Code) the completion by NXP of the merger and the other transactions contemplated by the merger agreement, which we refer to in this joint proxy statement/prospectus as the NXP merger proposal;

a proposal to authorize the board of directors of NXP, which we refer to in this joint proxy statement/prospectus as the NXP board, for a period of 18 months, i.e., until and including [DATE], to issue up to [ ] NXP ordinary shares and to authorize the NXP board to deliver the NXP ordinary shares held in treasury in connection with the merger, in each case as payment of the portion of the merger consideration consisting of NXP ordinary shares in accordance with the merger agreement, which we refer to in this joint proxy statement/prospectus as the NXP share issuance proposal;

a proposal to authorize the NXP board for a period of 18 months, i.e., until and including [DATE], to grant the right to acquire up to [ ] NXP ordinary shares in connection with the assumption by NXP of the stock options, unvested restricted share units and unvested performance-based restricted share units granted by Freescale as further described in the section entitled The Merger Agreement Treatment of Freescale Equity Awards, which we refer to in this joint proxy statement/prospectus as the NXP option issuance proposal;



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a proposal to appoint [NAME] as non-executive director of NXP, effective as of the effective time and for a term ending at the close of the first NXP annual general meeting held after the effective time; and

a proposal to appoint [NAME] as non-executive director of NXP, effective as of the effective time and for a term ending at the close of the first NXP annual general meeting held after the effective time, which, together with the proposal in the immediately preceding bullet, we refer to in this joint proxy statement/prospectus as the NXP director election proposals.

The NXP merger proposal, the NXP share issuance proposal and the NXP option issuance proposal will be put to a vote as one single voting item. Each of the NXP director election proposals will be put to a vote separately. Approval of the first three proposals requires the affirmative vote of a majority of the votes cast at the NXP special meeting. Each of the NXP director election proposals will be adopted unless a two-thirds majority of the votes cast at the NXP special meeting, which majority represents more than half of the issued share capital, votes against such proposal. The failure of any NXP shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) and any abstention from voting by an NXP shareholder will have no effect on any of the proposals.

As of [DATE], 2015, the directors and executive officers of NXP and their affiliates owned and were entitled to vote [ ] NXP ordinary shares, representing approximately [ ]% of the NXP ordinary shares outstanding on that date. NXP currently expects that these directors and executive officers will vote such NXP ordinary shares in favor of the foregoing proposals, although none of them has entered into any agreement obligating them to do so.

**Q: What are the recommendations of the NXP board regarding the proposals being put to a vote at the NXP special meeting?**

A: The NXP board has unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of NXP and its shareholders.

The NXP board recommends that NXP shareholders vote FOR each of the proposals to be presented at the NXP special meeting.

See the section entitled The Merger Recommendation of the NXP Board and Reasons for the Merger for a more complete description of the recommendations of the NXP board.

**Q: What proposals are being voted on at the Freescale special meeting and what shareholder vote is required to adopt those proposals?**

A: Freescale shareholders are being asked to vote on the following proposals at the Freescale special meeting:

a proposal to approve the merger agreement and the merger, which we refer to in this joint proxy statement/prospectus as the Freescale merger proposal, which proposal requires the affirmative vote of holders of a majority of the issued and outstanding Freescale common shares entitled to vote on such proposal, voting as a single class;

a proposal to approve on an advisory (non-binding) basis the compensation arrangements and compensation that may be paid or become payable to Freescale's named executive officers that is based on or otherwise related to the merger, which we refer to in this joint proxy statement/prospectus as the Freescale compensation proposal, which proposal requires the affirmative vote of holders of a majority of the Freescale common shares present, in person or by proxy, and entitled to vote on such proposal, voting as a single class; and

a proposal to approve the adjournment of the Freescale special meeting, if necessary or appropriate, to solicit additional proxies if there are not sufficient votes to approve the merger agreement and the merger, which we refer to in this joint proxy

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statement/prospectus as the Freescale adjournment proposal, which proposal requires the affirmative vote of holders of a majority of the Freescale common shares present, in person or by proxy, and entitled to vote on such proposal, voting as a single class.

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Completion of the merger is conditioned on, among other things, approval of the Freescale merger proposal, but is not conditioned on approval of the Freescale compensation proposal or the Freescale adjournment proposal. The failure of any Freescale shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) and any abstention from voting by a Freescale shareholder will have the same effect as a vote against the first proposal and will have no effect on the second proposal or the third proposal.

As of [DATE], 2015, the directors and executive officers of Freescale and their affiliates owned and were entitled to vote [ ] Freescale common shares, representing approximately [ ]% of the Freescale common shares outstanding on that date. Freescale currently expects that these directors and executive officers will vote such Freescale common shares in favor of the foregoing proposals, although none of them has entered into any agreement obligating them to do so.

In order for business to be conducted at the Freescale special meeting, a quorum must be present. A quorum requires the presence of one or more persons present in person at the start of the Freescale special meeting and representing, in person or by proxy, in excess of 50% of the total issued and outstanding Freescale common shares entitled to vote at the Freescale special meeting.

In connection with entering into the merger agreement, NXP entered into a support agreement, which we refer to in this joint proxy statement/prospectus as the support agreement, with Freescale Holdings L.P., which we refer to in this joint proxy statement/prospectus as the sponsor shareholder, and certain equityholders of the sponsor shareholder, which we refer to in this joint proxy statement/prospectus as the sponsors, pursuant to which the sponsor shareholder has agreed, subject to certain conditions, to vote all the Freescale common shares owned by it in favor of the Freescale merger proposal. See the section entitled The Support Agreement. As of [DATE], 2015, the sponsor shareholder owned [ ] Freescale common shares representing approximately [ ]% of the total issued and outstanding Freescale common shares.

**Q: What are the recommendations of the Freescale board regarding the proposals being put to a vote at the Freescale special meeting?**

A: The Freescale board, in accordance with the Companies Act of 1981, as amended, of Bermuda, which we refer to in this joint proxy statement/prospectus as the Companies Act, has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Freescale and its shareholders and that the merger consideration constitutes fair value for each Freescale common share.

The Freescale board recommends that Freescale shareholders vote FOR each of the proposals to be presented at the Freescale special meeting.

See the section entitled The Merger Recommendation of the Freescale Board and Reasons for the Merger for a more complete description of the recommendations of the Freescale board. In considering the recommendations of the Freescale board, you should be aware that Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. See the section entitled The Merger Interests of Certain Freescale Persons in the Merger.

**Q: What will the board of directors and management of the combined company look like?**

A: At the completion of the merger, subject to NXP shareholders adopting the NXP director election proposals, the board of directors of the combined company is expected to include [NAME] and [NAME], in addition to the other directors on the NXP board immediately prior to the completion of the merger. Mr. Richard L. Clemmer, the President and Chief Executive Officer of NXP, will continue as the President and Chief Executive Officer of the combined company following completion of the merger. See the section entitled The Merger Board of Directors and Management of the Combined Company Following Completion of the Merger.

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**Q: Will the NXP ordinary shares issued in connection with the completion of the merger be traded on an exchange?**

A: Yes. It is a condition to the completion of the merger that the NXP ordinary shares to be issued to Freescale shareholders in connection with the merger be authorized for listing on NASDAQ, subject to official notice of issuance.

**Q: How will NXP shareholders be affected by the merger?**

A: Upon completion of the merger, each NXP shareholder will hold the same number of NXP ordinary shares that such holder held immediately prior to completion of the merger. As a result of the merger, NXP shareholders will own shares in a larger company with more assets. However, because a portion of the merger consideration is to be paid in NXP ordinary shares, each outstanding NXP ordinary share immediately prior to the completion of the merger will represent a smaller percentage of the aggregate number of NXP ordinary shares outstanding after the completion of the merger.

**Q: Is the merger expected to be taxable to Freescale shareholders for U.S. federal income tax purposes?**

A: The receipt of NXP ordinary shares and cash in exchange for Freescale common shares in the merger generally will be a taxable transaction for U.S. federal income tax purposes and may also be taxable under state, local and non-U.S. income and other tax laws. Please carefully review the information in the section entitled "The Merger - Certain U.S. Federal Income Tax Consequences of the Merger" for a description of certain U.S. federal income tax consequences of the merger to U.S. holders (as defined in that section). The tax consequences to you will depend on your individual situation. We urge you to consult your tax advisors as to the specific tax consequences to you of the merger and your receipt of the merger consideration, including the applicability and effect of U.S. federal, state, local and non-U.S. income and other tax laws in light of your particular circumstances.

**Q: When do NXP and Freescale expect to complete the merger?**

A: NXP and Freescale currently expect to complete the merger by the end of calendar year 2015, subject to receipt of required shareholder approvals and regulatory approvals and subject to the satisfaction or waiver of other conditions. However, neither NXP nor Freescale can predict the actual date on which the merger will be completed because completion is subject to conditions beyond each company's control. See the sections entitled "The Merger - Regulatory Approvals Required to Complete the Merger" and "The Merger Agreement - Conditions to the Completion of the Merger."

**Q: When and where is the NXP special meeting?**

A: The NXP special meeting will be held on [DATE], 2015, beginning at [TIME], at NXP's principal executive offices located at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands.

**Q: When and where is the Freescale special meeting?**

A: The Freescale special meeting will be held on [DATE], 2015, beginning at [TIME], at Freescale's principal executive offices located at 6501 William Cannon Drive West, Austin, Texas 78735, unless postponed or adjourned to a later date or time.

**Q: Who can vote at the special meetings?**

A: Only NXP shareholders who hold NXP ordinary shares of record or beneficially hold NXP ordinary shares at the close of business on [DATE], 2015, which we refer to in this joint proxy statement/prospectus as the NXP record date, will be entitled to vote at the NXP special meeting.

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Only Freescale shareholders at the close of business on [DATE], 2015, which we refer to in this joint proxy statement/prospectus as the Freescale record date, will be entitled to vote at the Freescale special meeting or any adjournment or postponement thereof.

### **Q: What do I need to do now?**

A: After you have carefully read and considered the information contained in or incorporated by reference into this joint proxy statement/prospectus, please submit your proxy via the Internet or by telephone in accordance with the instructions set forth on the enclosed proxy card, or complete, sign, date and return the enclosed proxy card in the postage-prepaid envelope provided as soon as possible so that your shares will be represented and voted at the NXP special meeting or the Freescale special meeting, as applicable. Additional information on voting procedures can be found in the section entitled **NXP Special Meeting** and in the section entitled **Freescale Special Meeting**.

### **Q: How will my proxy be voted?**

A: If you submit your proxy via the Internet, by telephone or by completing, signing, dating and returning the enclosed proxy card, your proxy will be voted in accordance with your instructions. For Freescale shareholders and NXP shareholders, if you complete your proxy but do not indicate how your Freescale common shares or your NXP ordinary shares, as applicable, are to be voted for a proposal, the shares represented by your proxy will be voted in accordance with the recommendation of the Freescale board or the NXP board, as applicable, with respect to such proposal to which no instruction is given. Additional information on voting procedures can be found in the section entitled **NXP Special Meeting** and in the section entitled **Freescale Special Meeting**.

### **Q: May I vote in person and what must I bring to attend my special meeting?**

A: Yes. If you hold NXP ordinary shares of record or beneficially hold NXP ordinary shares on the NXP record date or are a Freescale shareholder of record at the close of business on the Freescale record date, you may attend the NXP special meeting or the Freescale special meeting, as applicable and vote your shares in person, in lieu of submitting your proxy by Internet, telephone or by completing, signing, dating and returning the enclosed proxy card. All attendees should be prepared to present photo identification (such as a driver's license or passport) for admittance. The additional items, if any, that attendees must bring depend on whether they are shareholders of record, beneficial owners or proxy holders. Additional information regarding how to vote in person or attend the NXP special meeting or the Freescale special meeting can be found in the section entitled **NXP Special Meeting** and in the section entitled **Freescale Special Meeting**, as applicable.

### **Q: What should I do if I receive more than one set of voting materials for the NXP special meeting or the Freescale special meeting?**

A: You may receive more than one set of voting materials for the NXP special meeting or the Freescale special meeting, including multiple copies of this joint proxy statement/prospectus and multiple proxy cards or voting instruction cards. For example, if you hold your NXP ordinary shares or Freescale common shares in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares. If you are a holder of record and your shares are registered in more than one name, you will receive more than one proxy card. Please submit each separate proxy or voting instruction card that you receive by following the instructions set forth in each separate proxy or voting instruction card.





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**Q: If my shares are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee automatically vote my shares for me?**

A: No. If your shares are held in the name of a broker, bank or other nominee, you will receive separate instructions from your broker, bank or other nominee describing how to vote your shares. The availability of Internet or telephonic voting will depend on the nominee's voting process. Please check with your broker, bank or other nominee and follow the voting procedures your broker, bank or other nominee provides.

You should instruct your broker, bank or other nominee how to vote your shares. Under the rules applicable to broker-dealers, your broker, bank or other nominee does not have discretionary authority to vote your shares on any of the proposals scheduled to be voted on at the NXP special meeting or the Freescale special meeting.

Additional information on voting procedures can be found in the section entitled NXP Special Meeting and in the section entitled Freescale Special Meeting.

**Q: What do I do if I am an NXP shareholder and I want to revoke my proxy?**

A: If you are an NXP shareholder of record, you may revoke your proxy in any of the following ways:

by sending a written notice of revocation to NXP at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, Attention: Secretary, which notice must be received before your shares are voted at the NXP special meeting;

by properly submitting a later-dated, new proxy card, which must be received before your shares are voted at the NXP special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

by submitting a proxy via Internet or by telephone by no later than 11:59 p.m. Eastern Time on the day before the NXP special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

by attending the NXP special meeting and voting in person. Attendance at the NXP special meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

If you hold your NXP ordinary shares in street name, then you must change your voting instruction by submitting new voting instructions to the broker, bank or other nominee that holds your shares.

Additional information can be found in the section entitled NXP Special Meeting.

**Q: What do I do if I am Freescale shareholder and I want to revoke my proxy?**

A: If you are a Freescale shareholder of record, you may revoke your proxy in any of the following ways:

by sending a written notice of revocation to Freescale at 6501 William Cannon Drive West, Austin, Texas 78735, Attention: Secretary, which notice must be received before your Freescale common shares are voted at the Freescale special meeting;

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by properly submitting a later-dated, new proxy card, which must be received before your shares are voted at the Freescale special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

by submitting a proxy via Internet or by telephone no later than 11:59 p.m. Eastern Time on the day before the Freescale special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

by attending the Freescale special meeting and voting in person. Attendance at the Freescale special meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

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If you hold your Freescale common shares in street name, then you must change your voting instruction by submitting new voting instructions to the broker, bank or other nominee that holds your Freescale common shares.

Additional information can be found in the section entitled Freescale Special Meeting.

**Q: Should I send in my Freescale share certificates now?**

A: No. Please DO NOT send your Freescale share certificates with your proxy card. If the merger is completed, you will receive written instructions for exchanging your share certificates for the merger consideration shortly after the completion of the merger.

**Q: Do NXP shareholders or Freescale shareholders have appraisal or dissenters' rights?**

A: The holders of Freescale common shares of record, under Bermuda law, are entitled to appraisal rights in connection with the merger. The holders of NXP ordinary shares, under Dutch law, are not entitled to any appraisal or dissenters' rights with respect to the merger or any of the other transactions contemplated by the merger agreement. See the section entitled The Merger Dissenters' Rights of Appraisal.

**Q: How can I find more information about NXP and Freescale?**

A: You can find more information about NXP and Freescale from various sources described in the section entitled Where You Can Find More Information.

**Q: Who can answer any questions I may have about the special meetings or the merger?**

A: If you have any questions about the merger or the other transactions contemplated by the merger agreement or how to submit your proxy, or if you need additional copies of this joint proxy statement/prospectus or documents incorporated by reference herein, the enclosed proxy card or voting instructions, you should contact:

**For NXP shareholders:**

**NXP Semiconductors N.V.  
High Tech Campus 60  
Eindhoven 5656 AG  
The Netherlands  
Tel: +31 40 2729960  
Attention: Mr. Jean Schreurs**

**[Proxy Solicitor]  
[Address]  
[Telephone]**

**For Freescale shareholders:**

**Freescale Semiconductor, Ltd.  
6501 William Cannon Drive West  
Austin, Texas 78735  
Tel: (512) 895-2000  
Attention: Secretary**

**[Proxy Solicitor]  
[Address]  
[Telephone]**

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### **SUMMARY**

*The following summary highlights selected information described in more detail elsewhere in this joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus and may not contain all the information that may be important to you. To understand the merger and the transactions contemplated by the merger agreement and the matters being voted on by NXP shareholders and Freescale shareholders at their respective special meetings more fully, and to obtain a more complete description of the legal terms of the merger agreement, you should carefully read this entire document, including the annexes, and the documents to which NXP and Freescale refer you. Each item in this summary includes a page reference directing you to a more complete description of that topic. See the section entitled *Where You Can Find More Information*.*

#### **The Parties (see page 38)**

##### ***NXP Semiconductors N.V.***

NXP Semiconductors N.V., a Dutch public limited liability company, is a global semiconductor company and a long-standing supplier in the industry. NXP provides high performance mixed signal and standard product solutions that are used in a wide range of applications such as: automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing. As of December 31, 2014, NXP had 27,884 full-time equivalent employees located in over 20 countries, with research and development activities in Asia, Europe and the United States, and manufacturing facilities in Asia and Europe. NXP ordinary shares are traded on NASDAQ under the symbol NXPI. The principal executive offices of NXP are located at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, and its telephone number is +31 40 2729960.

##### ***Nimble Acquisition Limited***

Nimble Acquisition Limited, a Bermuda exempted limited liability company, is a wholly-owned, indirect subsidiary of NXP. Merger Sub was formed solely in contemplation of the merger, has not conducted any business and has no assets, liabilities or other obligations of any nature other than as set forth in the merger agreement. Its principal executive offices are located at c/o NXP Semiconductors N.V., High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, and its telephone number is +31 40 2729960.

##### ***Freescale Semiconductor, Ltd.***

Freescale Semiconductor, Ltd., a Bermuda exempted limited liability company, is a global leader in microcontrollers and digital networking processors, commonly referred to as embedded processors. Embedded processors are the backbone of electronic systems, providing essential control, intelligence and security, while enhancing performance and power efficiency. Freescale combines its embedded processors with its complementary analog, sensor and radio frequency (RF) devices, as well as a full suite of software and design tools, to provide highly integrated embedded processing solutions that streamline customer development efforts, lower their costs and shorten their time to market. As of December 31, 2014, Freescale employed approximately 17,300 full-time employees. Freescale common shares are traded on the New York Stock Exchange, which we refer to in this joint proxy statement/prospectus as the NYSE, under the symbol FSL. The principal executive offices of Freescale are located at 6501 William Cannon Drive West, Austin, Texas 78735 and its telephone number is (512) 895-2000.

#### **The Merger (see page 50)**

NXP, Merger Sub and Freescale have entered into the merger agreement pursuant to which Freescale will become a wholly-owned, indirect subsidiary of NXP, and Freescale shareholders will become shareholders of NXP.

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Freescale shareholders are receiving this document in connection with Freescale's solicitation of proxies for the Freescale special meeting to vote on the Freescale merger proposal, the Freescale compensation proposal and the Freescale adjournment proposal.

NXP shareholders are receiving this document in connection with NXP's solicitation of proxies for the NXP special meeting to vote on the NXP merger proposal, the NXP share issuance proposal, the NXP option issuance proposal and the NXP director election proposals.

### **Effects of the Merger (see page 50)**

Upon the terms and subject to the conditions of the merger agreement and in accordance with the applicable provisions of the Companies Act, at the effective time, Merger Sub will merge with and into Freescale, the separate corporate existence of Merger Sub will cease and Freescale will continue as the surviving company, which we refer to in this joint proxy statement/prospectus as the surviving company, and as a wholly-owned, indirect subsidiary of NXP.

At the effective time, each Freescale common share issued and outstanding immediately prior to the effective time (excluding any shares held by Freescale in treasury or by NXP, Merger Sub or any other direct or indirect wholly-owned subsidiary of NXP, which shares will be cancelled and no consideration will be delivered with respect to such shares) will be converted into one common share of the surviving company, which we refer to in this joint proxy statement/prospectus as a surviving company share, and each of the resulting surviving company shares will be automatically exchanged for the right to receive (i) 0.3521 of an NXP ordinary share, which we refer to in this proxy statement/prospectus as the exchange ratio, and (ii) \$6.25 in cash, without interest.

For more information, see also the section entitled "The Merger Agreement - Effects of the Merger; Conversion of Freescale Common Shares."

The exchange ratio is fixed and will not be adjusted for changes in the market value of NXP ordinary shares or Freescale common shares. Because the exchange ratio was fixed at the time the merger agreement was executed and because the market value of NXP ordinary shares and Freescale common shares is expected to fluctuate, Freescale shareholders cannot be sure of the value of the NXP ordinary shares they will receive in connection with the merger relative to the value of their Freescale common shares. See also the section entitled "Risk Factors - Risks Relating to the Merger."

### **NXP Special Meeting (see page 40)**

**Date, Time and Place.** The NXP special meeting will be held on [DATE], 2015, beginning at [TIME], at NXP's principal executive offices located at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands.

**Purpose.** The NXP special meeting is being held to consider and vote on:

**Proposal 1-A:** the NXP merger proposal;

**Proposal 1-B:** the NXP share issuance proposal;

**Proposal 1-C:** the NXP option issuance proposal;

**Proposal 2-A:** the NXP director election proposal to appoint [NAME] as non-executive director of NXP

[APPLICABLE BIOGRAPHY]; and

**Proposal 2-B:** the NXP director election proposal to appoint [NAME] as non-executive director of NXP.

[APPLICABLE BIOGRAPHY]

Proposals 1-A, 1-B and 1-C will be put to a vote as one single voting item. Proposals 2-A and 2-B will each be put to a vote separately.

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**Record Date; Voting Rights.** The NXP record date, which is the date for the determination of shareholders entitled to vote at the NXP special meeting, is [DATE], 2015, which is the 28th day prior to the date of the meeting. Only NXP shareholders who hold NXP ordinary shares of record or beneficially hold NXP ordinary shares on the NXP record date are entitled to vote at the NXP special meeting. Each NXP ordinary share entitles its holder to one vote at the NXP special meeting on each of the proposals.

**Vote Required.** The votes required for each proposal are as follows:

**Proposals 1-A, 1-B and 1-C**, which will be put to a vote as one single voting item, require the affirmative vote of a majority of the votes cast at the NXP special meeting; and

**Proposals 2-A and 2-B**, will be adopted, unless a two-thirds majority of the votes cast at the NXP special meeting, which majority represents more than half of the issued share capital, votes against the proposals.

As of [DATE], 2015, there were [ ] NXP ordinary shares issued and outstanding, held by [ ] holders of record. As of [DATE], 2015, NXP directors and executive officers, as a group, owned and were entitled to vote [ ] NXP ordinary shares, or approximately [ ]% of the outstanding NXP ordinary shares. NXP currently expects that these directors and executive officers will vote their NXP ordinary shares that are held at the NXP record date in favor of all of the above proposals, although none of them has entered into any agreement obligating them to do so.

### **Freescal Special Meeting (see page 44)**

**Date, Time and Place.** The Freescal special meeting will be convened for [DATE], 2015, beginning at [TIME], to be held at Freescal's principal executive offices located at 6501 William Cannon Drive West, Austin, Texas 78735, unless adjourned or postponed to a later date or time.

**Purpose.** The Freescal special meeting is being held to consider and vote on:

**Proposal 1:** the Freescal merger proposal;

**Proposal 2:** the Freescal compensation proposal; and

**Proposal 3:** the Freescal adjournment proposal.

**Record Date; Voting Rights.** The Freescal record date for the determination of shareholders entitled to notice of and to vote at the Freescal special meeting is [DATE], 2015. Since there are no Freescal preference shares issued and outstanding on [DATE], 2015, only Freescal shareholders who held Freescal common shares of record at the close of business on the Freescal record date are entitled to vote at the Freescal special meeting and any adjournment or postponement of the Freescal special meeting, so long as such Freescal common shares remain outstanding on the date of the Freescal special meeting. Freescal common shares are the only class of shares entitled to vote, and holders of Freescal common shares are entitled to vote on each proposal presented at the Freescal special meeting. Each Freescal common share entitles its holder of record to one vote at the Freescal special meeting on each of the proposals.

**Vote Required.** The votes required for each proposal are as follows:

**Proposal 1 the Freescal merger proposal:** The affirmative vote, in person or by proxy, of holders of a majority of the issued and outstanding Freescal common shares entitled to vote on Proposal 1, voting as a single class, is required to approve the Freescal merger proposal.



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***Proposal 2 the Freescale compensation proposal:*** The affirmative vote of holders of a majority of the Freescale common shares present, in person or by proxy, and entitled to vote on Proposal 2 at the Freescale special meeting, voting as a single class, is required to approve the Freescale compensation proposal.

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**Proposal 3 the Freescale adjournment proposal:** The affirmative vote of holders of a majority of the Freescale common shares present, in person or by proxy, and entitled to vote on Proposal 3 at the Freescale special meeting, voting as a single class, is required to approve the Freescale adjournment proposal.

As of [DATE], 2015, there were [ ] Freescale common shares issued and outstanding, held by [ ] holders of record. As of [DATE], 2015, Freescale directors and executive officers, as a group, owned and were entitled to vote [ ] Freescale common shares, or approximately [ ]% of the issued and outstanding Freescale common shares. Freescale currently expects that these directors and executive officers will vote their Freescale common shares in favor of the above proposals, although none of them has entered into any agreement obligating them to do so.

In connection with entering into the merger agreement, NXP entered into a support agreement with the sponsor shareholder and the sponsors, pursuant to which the sponsor shareholder has agreed, subject to certain conditions, to vote all the Freescale common shares owned by it in favor of the Freescale merger proposal. See the section entitled The Support Agreement. As of [DATE], 2015, the sponsor shareholder owned [ ] Freescale common shares representing approximately [ ]% of the total issued and outstanding Freescale common shares.

### **Recommendation of the NXP Board and Reasons for the Merger (see page 57)**

**The NXP Board recommends that NXP shareholders vote FOR each of the proposals to be presented at the NXP special meeting.**

In the course of reaching its decision to approve the merger agreement and the transactions contemplated thereby, the NXP board considered a number of factors in its deliberations. For a more complete discussion of these factors, see the section entitled The Merger Recommendation of the NXP Board and Reasons for the Merger.

### **Recommendation of the Freescale Board and Reasons for the Merger (see page 61)**

**The Freescale board recommends that Freescale shareholders vote FOR each of the proposals to be presented at the Freescale special meeting.**

In the course of reaching its decision to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger, the Freescale board considered a number of factors in its deliberations. For a more complete discussion of these factors, see the section entitled The Merger Recommendation of the Freescale Board and Reasons for the Merger.

### **Opinion of NXP's Financial Advisor (see page 71)**

In connection with the merger, Credit Suisse Securities (USA) LLC, which we refer to in this joint proxy statement/prospectus as Credit Suisse, which is serving as financial advisor to NXP, delivered an opinion, dated March 1, 2015, to the NXP board as to the fairness, from a financial point of view and as of the date of such opinion, to NXP of the merger consideration to be paid by NXP pursuant to the merger agreement. The full text of Credit Suisse's written opinion, dated March 1, 2015, is attached to this joint proxy statement/prospectus as Annex B and sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Credit Suisse in connection with such opinion. **The description of Credit Suisse's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the NXP board (in its capacity as such) for its information in connection with its evaluation of the merger consideration from a financial point of view to NXP and did not address any other aspect of the merger or related transactions, including the relative merits of the merger or related transactions as compared to alternative transactions or strategies**

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**that might be available to NXP or the underlying business decision of NXP to proceed with the merger or related transactions. The opinion does not constitute advice or a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the merger, the related transactions or otherwise.**

**Opinion of Freescale's Financial Advisor (see page 80)**

Freescale retained Morgan Stanley & Co. LLC, which we refer to in this joint proxy statement/prospectus as Morgan Stanley, to act as its financial advisor in connection with the proposed merger. On March 1, 2015, Morgan Stanley rendered to the Freescale board its oral opinion, subsequently confirmed in writing, that as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of Freescale common shares pursuant to the merger agreement was fair from a financial point of view to the holders of Freescale common shares. The full text of Morgan Stanley's written opinion to the Freescale board, dated as of March 1, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex C. The summary of the opinion of Morgan Stanley in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of the opinion. We encourage you to read Morgan Stanley's opinion and the summary of Morgan Stanley's opinion below carefully and in their entirety.

**Morgan Stanley's opinion was rendered for the benefit of the Freescale board, in its capacity as such, and addressed only the fairness from a financial point of view of the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement as of the date of the opinion. It does not address any other aspect or implications of the merger, including the value of the NXP ordinary shares when issued in the merger or the prices at which the NXP ordinary shares will trade at any time in the future. The opinion was addressed to, and rendered for the benefit of, the Freescale board and was not intended to, and does not, constitute advice or a recommendation to any holder of Freescale common shares or NXP ordinary shares as to how to vote at any shareholders' meetings to be held in connection with the merger or take any other action with respect to the merger.**

**Interests of Certain Freescale Persons in the Merger (see page 90)**

When considering the recommendations of the Freescale board with respect to the merger, Freescale shareholders should be aware that Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The Freescale board was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that Freescale shareholders vote FOR the Freescale merger proposal at the Freescale special meeting. These interests include:

*Acceleration of Vesting of Equity Awards upon a Qualifying Termination.* Freescale's executive officers have previously been granted stock options, restricted share units and performance-based restricted share units under the Amended and Restated Freescale Semiconductor, Ltd. 2011 Omnibus Incentive Plan, which we refer to in this joint proxy statement/prospectus as the 2011 Omnibus Incentive Plan. Under the terms of the merger agreement, vested and unvested stock options will be converted into vested and unvested NXP stock options, as applicable, unvested restricted share units will be converted into unvested NXP restricted share units and unvested performance-based restricted share units with performance periods that have not ended prior to the completion of the merger will be converted into unvested time-vesting NXP restricted share units (as adjusted based on performance through the closing date of the merger, which we refer to in this joint proxy statement/prospectus as the closing date). The awards

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granted to Freescale's executive officers under the 2011 Omnibus Incentive Plan, subject to certain exceptions, generally provide that, in the event of the executive officer's termination by Freescale without cause (as defined in the 2011 Omnibus Incentive Plan) or by the executive officer for good reason (as defined in the executive officer's employment agreement or award agreement, as applicable) during the one-year period following the completion of the merger, the vesting of any such award, to the extent outstanding and unvested, will accelerate. Any exceptions are noted in the section entitled "The Merger: Interests of Certain Freescale Persons in the Merger."

*Change in Control Termination Benefits.* Freescale executive officers, except Mr. Randy A. Hyzak, are entitled to severance compensation and benefits if the executive officer experiences a qualifying termination following a change in control. In general, Freescale executive officers who become entitled to severance, either pursuant to an employment agreement or the Freescale Executive Severance Plan for Senior Vice Presidents, which we refer to in this joint proxy statement/prospectus as the "Freescale severance plan," will receive lump sum severance payment equal to a multiple of the sum of the executive officer's base salary and target bonus, lump sum payment of the prorated portion of the executive officer's annual bonus for the year of termination of employment and medical and life insurance benefits for a period of time following termination. Mr. Hyzak is not eligible to receive change in control termination benefits.

*Treatment of Freescale Director Compensation.* Independent members of the Freescale board have previously been granted restricted share units under the 2011 Omnibus Incentive Plan. Under the terms of the merger agreement, outstanding equity awards will generally be treated the same as for Freescale's executive officers except that restricted share units expected to be received in 2015 (and 2016, if the merger has not been completed) will vest immediately prior to the change in control, in accordance with the terms of such awards.

For a more detailed description, see the section entitled "The Merger: Interests of Certain Freescale Persons in the Merger."

**Debt Financing (see page 142)**

NXP intends to fund the cash portion of the merger consideration with a combination of cash on hand and debt financing, and also intends to refinance certain of Freescale's existing indebtedness with debt financing. NXP may access various financing sources to provide for such debt financing, which we refer to in this joint proxy statement/prospectus as the "debt financing."

Pursuant to a debt commitment letter dated March 1, 2015, as amended by a joinder agreement dated March 10, 2015, which, as may be further amended and/or supplemented from time to time, we refer to in this joint proxy statement/prospectus as the "debt commitment letter," entered into among NXP B.V., a wholly-owned subsidiary of NXP, Credit Suisse, Credit Suisse AG, Cayman Islands Branch, which we refer to in this joint proxy statement/prospectus together with Credit Suisse as "CS," Morgan Stanley Senior Funding, Inc., Barclays Bank PLC, Deutsche Bank Securities Inc., Deutsche Bank AG New York Branch, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Bank of America, N.A., which we refer to in this joint proxy statement/prospectus together with CS as the "lead arrangers" and each, a "lead arranger," and Goldman Sachs Lending Partners LLC, Citigroup Global Markets Limited, Citibank N.A., London Branch and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., which we refer to in this joint proxy statement/prospectus together as the "co-managers" and each, a "co-manager," NXP B.V., as borrower, and NXP Funding LLC, a wholly-owned subsidiary of NXP B.V., as co-borrower, may enter into new term loan facilities, which as of the date of this joint proxy statement/prospectus are committed for up to \$6.5 billion.

In addition, NXP and NXP B.V., each as a borrower, and any other borrowers that may be party thereto, may also enter into a new revolving credit facility, which would be provided pursuant to the debt commitment letter, for up to \$600 million, and which may replace existing credit facilities, in whole or in part.

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NXP may also access other financing sources, such as senior notes or convertible notes, or use cash on hand, as an alternative to or to supplement the above sources.

For a more complete description of the contemplated debt financing for the merger, see the section entitled [Debt Financing](#).

### **Board of Directors and Management of the Combined Company Following Completion of the Merger (see page 98)**

At the completion of the merger, subject to NXP shareholders adopting the NXP director election proposals, the board of directors of the combined company is expected to include [NAME] and [NAME], in addition to the other directors on the NXP board immediately prior to the completion of the merger. Mr. Richard L. Clemmer, the President and Chief Executive Officer of NXP, will continue as the President and Chief Executive Officer of the combined company following completion of the merger.

### **Certain U.S. Federal Income and Other Tax Consequences of the Merger (see page 98)**

The receipt of NXP ordinary shares and cash in exchange for Freescale common shares in the merger generally will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder (as defined in the section entitled [The Merger Certain U.S. Federal Income Tax Consequences of the Merger](#)) who receives NXP ordinary shares and cash in the merger generally will recognize capital gain or loss equal to the difference, if any, between (1) the sum of the fair market value of NXP ordinary shares and cash, including any cash received in lieu of fractions of NXP ordinary shares received in the merger, and (2) such U.S. holder's adjusted tax basis in its Freescale common shares exchanged therefor. The determination of the actual tax consequences of the merger to a holder of Freescale common shares will depend on the holder's specific situation. Holders of Freescale common shares should consult their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of U.S. federal, state, local and non-U.S. income and other tax laws in light of your particular circumstances. See the section entitled [The Merger Certain U.S. Federal Income Tax Consequences of the Merger](#). For certain consequences of the merger under Dutch tax laws, see the section entitled [The Merger Material Dutch Tax Consequences](#).

### **Accounting Treatment of the Merger (see page 106)**

NXP prepares its financial statements in accordance with accounting principles generally accepted in the U.S., which we refer to in this joint proxy statement/prospectus as GAAP. The merger will be accounted for using the acquisition method of accounting with NXP being considered the acquirer of Freescale for accounting purposes. This means that NXP will allocate the purchase price to the fair value of Freescale's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

### **Regulatory Approvals Required to Complete the Merger (see page 106)**

The completion of the merger is subject to obtaining antitrust and other regulatory approvals in the United States, the European Union, China, South Korea, Japan, Taiwan and Mexico. NXP and Freescale intend to make required notifications or filings in each of these jurisdictions on or before April 30, 2015. There can be no assurance as to if and when any of these will be obtained or as to the conditions or limitations that such approvals may contain or impose. See the section entitled [The Merger Regulatory Approvals Required to Complete the Merger](#).

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### **Treatment of Freescale Equity Awards (see page 107)**

At the effective time, each outstanding Freescale stock option (whether vested or unvested) will be assumed and converted into an option to purchase NXP ordinary shares. Such converted stock options will have the same vesting schedule as the Freescale stock options and otherwise will have the same terms and conditions as the Freescale stock options.

At the effective time, the unvested Freescale restricted share units outstanding immediately prior to the effective time will be converted into NXP restricted share units. Such converted restricted share units will have the same vesting schedule as the Freescale restricted share units and otherwise will have the same terms and conditions as the Freescale restricted share units.

At the effective time, the unvested Freescale performance-based restricted share units outstanding immediately prior to the effective time will be converted into NXP restricted share units. Such converted performance-based restricted share units will have the same time-based vesting schedule as Freescale performance-based restricted share units and otherwise will have the same terms and conditions as were applicable to the Freescale performance-based restricted share units. The level of performance achieved with respect to the Freescale performance-based restricted share units will be determined prior to the effective time.

### **Listing of NXP Ordinary Shares; Delisting of Freescale Common Shares (see page 108)**

It is a condition to the completion of the merger that the NXP ordinary shares issuable in the merger be authorized for listing on NASDAQ upon official notice of issuance. As a result of the merger, Freescale common shares currently listed on the NYSE will cease to be listed on the NYSE.

### **Dissenters' Rights of Appraisal (see page 108)**

The holders of Freescale shares of record, under Bermuda law, are entitled to appraisal rights in connection with the merger. The holders of NXP ordinary shares, under Dutch law, are not entitled to any appraisal or dissenters' rights with respect to the merger or any of the other transactions contemplated by the merger agreement. See the section entitled "The Merger - Dissenters' Rights of Appraisal."

### **No Solicitation by Freescale of Freescale Acquisition Proposals (see page 114)**

In the merger agreement, Freescale agreed not to solicit proposals relating to certain alternative transactions or engage in discussions or negotiations with respect to, or provide nonpublic information to any person in connection with, any proposal for an alternative transaction, subject to certain exceptions as described in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals."

### **Conditions to the Completion of the Merger (see page 111)**

The obligations of NXP, Merger Sub and Freescale to complete the merger are subject to the satisfaction (or waiver by the parties, if permissible under applicable law) of the following conditions:

approval of the Freescale merger proposal by the affirmative vote of a majority of the issued and outstanding Freescale common shares, which we refer to in this joint proxy statement/prospectus as the "Freescale shareholder approval";

approval of the NXP merger proposal, the NXP share issuance proposal and the NXP option issuance proposal by a simple majority of the votes validly cast by those NXP shareholders duly present or represented at the NXP special meeting, which we refer to in this joint proxy statement/prospectus as the "NXP shareholder approval";

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no governmental entity having jurisdiction over Freescale, NXP or Merger Sub has issued any order, decree or ruling or taken any other material action that enjoins or otherwise prohibits completing the merger substantially on the terms contemplated by the merger agreement (disregarding any order, decree or ruling with respect to foreign antitrust laws except for those jurisdictions set forth in the immediately following bullet) (we refer to the condition in this bullet in this joint proxy statement/prospectus as the governmental prohibitions condition );

the waiting period (and any extensions thereof) applicable to completing the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which we refer to in this joint proxy statement/prospectus as the HSR Act, has expired or otherwise been terminated, and all consents, approvals or clearances required under the antitrust laws of the European Union, China, South Korea, Japan, Taiwan and Mexico have been obtained (we refer to the condition in this bullet in this joint proxy statement/prospectus as the antitrust approvals condition );

the SEC has declared the registration statement on Form F-4, of which this joint proxy statement/prospectus forms a part, effective under the Securities Act, and no stop order suspending the effectiveness of the registration statement has been issued by the SEC and no proceedings for that purpose have been initiated or threatened in writing by the SEC that have not been withdrawn; and

the NXP ordinary shares issuable in the merger have been authorized for listing on NASDAQ upon official notice of issuance. In addition, each of NXP's, Merger Sub's and Freescale's obligations to complete the merger are subject to the satisfaction (or waiver by such party) of the following additional conditions (for purposes of the following, NXP and Merger Sub collectively are referred to as a party ):

certain representations and warranties of the other party relating to its capitalization being true and correct (except for de minimis inaccuracies) as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be so true and correct only as of such particular date or with respect to such specific period);

each of the representations and warranties of the other party relating to its organization; ownership of equity interests in its subsidiaries; authorization, validity of agreement and necessary action; brokers or finders; and voting requirement being true and correct in all material respects as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be so true and correct in all material respects only as of such particular date or with respect to such specific period);

the representations and warranties of the other party relating to the absence of a material adverse effect since December 31, 2014 through the date of the merger agreement being true and correct as of the date of the merger agreement and as of the closing date (disregarding clause (b) of such other party's definition of material adverse effect described in the section entitled The Merger Agreement Conditions to the Completion of the Merger );

each of the representations and warranties of the other party, other than those specifically identified in the three immediately preceding bullets, being true and correct as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be true and correct only as of such particular date or with respect to such specific period), except where the failure to be so true and correct (without giving effect to any limitation as to materiality, material adverse effect or similar qualifications as set forth in such representations or warranties) would not, either individually or in the aggregate, have a material adverse effect;





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the other party having performed in all material respects its obligations under the merger agreement required to be performed by it at or prior to the completion of the merger (including the deliverables required to be filed with the Registrar of Companies in Bermuda, which we refer to in this joint proxy statement/prospectus as the Registrar, in accordance with Sections 104(H) and 108(2) of the Companies Act);

each party having received a certificate dated as of the closing date signed by an authorized officer of the other party to the effect that, to the knowledge of such officer, the conditions described under the immediately preceding five bullets (applicable to such other party) have been satisfied; and

the absence of any material adverse effect on the other party since the date of the merger agreement (disregarding clause (b) of the definition of material adverse effect described in the section entitled The Merger Agreement Conditions to the Completion of the Merger ).

NXP's and Merger Sub's obligations to complete the merger are further subject to the satisfaction (or waiver by NXP and Merger Sub) that NXP receives written resignations of the directors of Freescale effective as of the effective time.

**Termination of the Merger Agreement (see page 124)**

The merger agreement may be terminated and the merger contemplated by the merger agreement may be abandoned at any time prior to the effective time, whether before or after receipt of the Freescale shareholder approval:

by the mutual consent of Freescale and NXP;

by either Freescale or NXP, if the merger has not occurred on or prior to March 1, 2016, which we refer to in this joint proxy statement/prospectus as the termination date, except that if the governmental prohibitions condition or the antitrust approvals condition has not been satisfied or waived on March 1, 2016, then either Freescale or NXP may extend the termination date to June 1, 2016 by providing the other party a written notice of such extension on or before the termination date; except that the right to terminate the merger agreement as a result of the termination date being reached will not be available to any party whose material breach of the merger agreement has been the cause of, or resulted in, the failure of the merger to occur on or prior to the termination date;

by either Freescale or NXP, if any governmental entity having jurisdiction over Freescale, NXP or Merger Sub has issued an order, decree or ruling or taken any other action enjoining or otherwise prohibiting completing the merger substantially on the terms contemplated by the merger agreement (disregarding any order, decree or ruling with respect to foreign antitrust laws except in the European Union, China, South Korea, Japan, Taiwan and Mexico), and such order, decree, ruling or other action has become final and non-appealable, unless the party seeking to terminate the merger agreement pursuant to the provision described in this bullet has materially breached its obligations to use reasonable best efforts to obtain applicable antitrust approvals, consents or clearances required by the provisions described in the section entitled The Merger Agreement Efforts to Complete the Merger;

by either Freescale or NXP, if at the Freescale special shareholder meeting the Freescale shareholder approval has not been obtained in accordance with the Companies Act and the bye-laws of Freescale;

by either Freescale or NXP, if at the NXP special shareholder meeting the NXP shareholder approval has not been obtained in accordance with the laws of the Netherlands and the articles of association of NXP;

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by Freescale, if there has been a breach of any covenant or agreement by NXP or Merger Sub, or if any representation or warranty of NXP or Merger Sub is untrue, in any case such that Freescale s

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conditions to the completion of the merger would not be satisfied, except that Freescale may not terminate the merger agreement pursuant to the provision described in this bullet (i) if such breach is curable by NXP and Merger Sub through the exercise of its reasonable best efforts and NXP and Merger Sub continue to exercise such reasonable best efforts or (ii) if it has failed to perform in any material respect any of its obligations under or in connection with the merger agreement or is in breach of any representation or warranty such that NXP and Merger Sub's conditions to the completion of the merger would not be satisfied;

by Freescale, if prior to obtaining the NXP shareholder approval, the NXP board or the board of directors of Merger Sub has publicly disclosed a change of NXP recommendation, or approved or recommended an NXP acquisition proposal;

by Freescale, if NXP or its subsidiaries have materially breached their obligations in the section entitled "The Merger Agreement - NXP's Obligations with respect to NXP Acquisition Proposals" or in the section entitled "The Merger Agreement - Efforts to Obtain Required Shareholder Approvals" (unless the NXP shareholder approval has already been obtained);

by Freescale, if (i) all of the conditions to the completion of the merger applicable to all parties and to NXP and Merger Sub have been satisfied or waived (other than those conditions that by their nature are to be satisfied by actions taken at the completion of the merger, each of which are capable of being satisfied if the closing date were the date that notice of termination is delivered by Freescale to NXP), (ii) NXP fails to complete the merger by the day the closing is required to occur in the section entitled "The Merger Agreement - Effective Time" as a result of failure of the debt financing to be funded and (iii) Freescale has given NXP written notice at least two business days prior to such termination stating that it is willing and able to complete the transactions contemplated by the merger agreement and that it intends to terminate the merger agreement pursuant to the provision described in this bullet;

by NXP, if there has been a breach of any covenant or agreement by Freescale, or if any representation or warranty of Freescale is untrue, in any case such that NXP and Merger Sub's conditions to the completion of the merger would not be satisfied, except that NXP may not terminate the merger agreement pursuant to the provision described in this bullet (i) if such breach is curable by Freescale through the exercise of its reasonable best efforts and Freescale continues to exercise such reasonable best efforts or (ii) if it has failed to perform in any material respect any of its obligations under or in connection with the merger agreement or is in breach of any representation or warranty such that Freescale's conditions to the completion of the merger would not be satisfied;

by NXP, if, prior to obtaining the Freescale shareholder approval, the Freescale board has publicly disclosed a change of Freescale recommendation, or approved or recommended a Freescale acquisition proposal; or

by NXP, if Freescale or its subsidiaries have materially breached their obligations in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals" or in the section entitled "The Merger Agreement - Efforts to Obtain Required Shareholder Approvals" (unless the Freescale shareholder approval has already been obtained).

**Termination Fees Relating to the Merger (see page 125)**

Upon termination of the merger agreement, NXP or Freescale may be required, in certain circumstances, to pay a termination fee ranging from \$120 million to \$600 million to the other party, which we refer to in this joint proxy statement/prospectus as a "termination fee." See the section entitled "The Merger Agreement - Termination Fees" for a more complete description of the circumstances under which NXP or Freescale may be required to pay the other party a termination fee.

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**Expenses Relating to the Merger (see page 134)**

All costs and expenses incurred in connection with the merger, the merger agreement and the completion of the transactions contemplated by the merger agreement will be paid by the party incurring such costs and expenses, whether or not the merger or any of the other transactions contemplated by the merger agreement is completed.

**Comparison of Rights of Shareholders of NXP and Freescale (see page 163)**

Freescale shareholders receiving NXP ordinary shares upon the completion of the merger will have different rights from those they are entitled to as Freescale shareholders due to the differences between Bermuda law and Dutch law and between the governing corporate documents of Freescale and the governing corporate documents of NXP. These differences are described in more detail in the section entitled Comparison of Rights of Shareholders of NXP and Freescale.

**Table of Contents****Selected Historical Consolidated Financial Data of NXP**

The following selected historical consolidated statement of operations data for NXP for the years ended December 31, 2014, December 31, 2013 and December 31, 2012 and the selected historical consolidated balance sheet data as of December 31, 2014 and December 31, 2013 have been derived from the audited consolidated financial statements of NXP contained in its annual report on Form 20-F for the fiscal year ended December 31, 2014, filed with the SEC on March 6, 2015, which we refer to in this joint proxy statement/prospectus as the 2014 NXP annual report, and is incorporated by reference herein. The selected historical consolidated statement of operations data for the years ended December 31, 2011 and December 31, 2010 and the selected historical consolidated balance sheet data as of December 31, 2012, December 31, 2011 and December 31, 2010 have been derived from NXP's audited consolidated financial statements for such periods, which statements have not been incorporated into this joint proxy statement/prospectus by reference.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of NXP or the combined company following completion of the merger, and you should read the following information together with NXP's audited consolidated financial statements, the related notes and the section entitled "Operating and Financial Review and Prospects" contained in the 2014 NXP annual report, which is incorporated by reference into this joint proxy statement/prospectus, and in NXP's other reports filed with the SEC. For more information, see the section entitled "Where You Can Find More Information."

(\$ in millions unless otherwise stated)	As of and for the years ended December 31,				
	2014	2013	2012	2011	2010
<b>Consolidated Statements of Operations:</b>					
Revenue	5,647	4,815	4,358	4,194	4,402
Operating income (loss)	1,049	651	412	357	273
Financial income (expense)-net	(410)	(274)	(437)	(257)	(628)
Income (loss) from continuing operations					
attributable to stockholders	539	348	(116)	(44)	(515)
Income (loss) from discontinued operations					
attributable to stockholders			1	434	59
Net income (loss) attributable to stockholders	539	348	(115)	390	(456)
<b>Per share data<sup>(1)(2)</sup>:</b>					
<i>Basic earnings per common share attributable to stockholders in \$</i>					
Income (loss) from continuing operations	2.27	1.40	(0.46)	(0.17)	(2.25)
Income (loss) from discontinued operations				1.74	0.26
Net income (loss)	2.27	1.40	(0.46)	1.57	(1.99)
<i>Diluted earnings per common share attributable to stockholders in \$</i>					
Income (loss) from continuing operations	2.17	1.36	(0.46)	(0.17)	(2.25)
Income (loss) from discontinued operations				1.74	0.26
Net income (loss)	2.17	1.36	(0.46)	1.57	(1.99)
Weighted average number of shares of common stock outstanding during the year (in thousands)					
Basic	237,954	248,526	248,064	248,812	229,280
Diluted	248,609	255,050	248,064 <sup>(3)</sup>	248,812 <sup>(3)</sup>	229,280 <sup>(3)</sup>
<b>Consolidated balance sheet data:</b>					
Cash and cash equivalents	1,185	670	617	743	898
Total assets	6,893	6,449	6,439	6,612	7,637
Net assets	801	1,546	1,284	1,357	1,219
Working capital <sup>(4)</sup>	1,340	939	765	969	811
Total debt <sup>(5)</sup>	3,999	3,321	3,492	3,799	4,551
Total stockholders' equity	538	1,301	1,049	1,145	986
Common stock	51	51	51	51	51
<b>Other operating data:</b>					
Capital expenditures	(329)	(215)	(251)	(221)	(258)
Depreciation and amortization <sup>(6)</sup>	405	514	533	591	684



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(\$ in millions unless otherwise stated)	As of and for the years ended December 31,				
	2014	2013	2012	2011	2010
<b>Consolidated statements of cash flows data:</b>					
Net cash provided by (used for):					
Operating activities	1,468	891	722	175	361
Investing activities	(387)	(240)	(243)	(202)	(269)
Financing activities	(554)	(598)	(574)	(926)	(157)
Net cash provided by (used for) continuing operations	527	53	(95)	(953)	(65)
Net cash provided by (used for) discontinued operations			(45)	809	(5)

- (1) In 2010, NXP (which may be referred to in this section entitled "Selected Historical Consolidated Financial Data of NXP as the Company or our ") amended its 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 EUR 0.01 to EUR 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.
- (2) The Company has not paid any dividends during the periods presented.
- (3) Due to our net losses from continuing operations attributable to stockholders in the periods from 2010 to 2012, all potentially dilutive securities have been excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive.
- (4) Working capital is calculated as current assets less current liabilities (excluding short-term debt).
- (5) As adjusted for our cash and cash equivalents our net debt was calculated as follows:

(\$ in millions)	2014	2013	2012	2011	2010
Long-term debt	3,979	3,281	3,185	3,747	4,128
Short-term debt	20	40	307	52	423
<b>Total debt</b>	<b>3,999</b>	<b>3,321</b>	<b>3,492</b>	<b>3,799</b>	<b>4,551</b>
Less: cash and cash equivalents	(1,185)	(670)	(617)	(743)	(898)
<b>Net debt</b>	<b>2,814</b>	<b>2,651</b>	<b>2,875</b>	<b>3,056</b>	<b>3,653</b>

Net debt is a non-GAAP financial measure. See "Use of Certain Non-GAAP Financial Measures" under Part I, 5.A. Operating Results of the 2014 NXP annual report.

- (6) 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 in the 2014 NXP annual report as our "formation". The cumulative net effects of purchase price adjustments in depreciation and amortization aggregated to \$164 million in 2014, \$246 million in 2013, \$273 million in 2012, \$301 million in 2011 and \$302 million in 2010. In 2014, depreciation and amortization included \$1 million (2013: \$9 million; 2012: \$2 million; 2011: \$5 million and 2010: \$40 million) related to disposals that occurred in connection with NXP's restructuring activities and \$1 million (2013: \$3 million; 2012: \$2 million; 2011: \$1 million and 2010: \$6 million) relating to other incidental items. For a detailed list of the acquisitions and a discussion of the effect of acquisition accounting, see the "Effect of Acquisition Accounting" section in Part I, Item 5.A. Operating Results of the 2014 NXP 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.

**Table of Contents****Selected Historical Consolidated Financial Data of Freescale**

The following selected historical consolidated statement of operations data for Freescale for the years ended December 31, 2014, December 31, 2013 and December 31, 2012 and the selected historical consolidated balance sheet data as of December 31, 2014 and December 31, 2013 have been derived from the audited consolidated financial statements of Freescale contained in its annual report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 6, 2015, which we refer to in this joint proxy statement/prospectus as the 2014 Freescale annual report, and is incorporated by reference herein. The selected historical consolidated statement of operations data for the years ended December 31, 2011 and December 31, 2010 and the selected historical consolidated balance sheet data as of December 31, 2012, December 31, 2011 and December 31, 2010 have been derived from Freescale's audited consolidated financial statements for such periods, which statements have not been incorporated into this joint proxy statement/prospectus by reference.

The information set forth below is only a summary and is not necessarily indicative of the results of future operations of Freescale or the combined company following completion of the merger, and you should read the following information together with Freescale's audited consolidated financial statements, the related notes and the section entitled Management's Discussion and Analysis of Financial Condition and Results of Operations contained in the 2014 Freescale annual report, which is incorporated by reference herein, and in Freescale's other reports filed with the SEC. For more information, see the section entitled Where You Can Find More Information.

(in millions, except per share amounts)	Year Ended December 31, 2014	Year Ended December 31, 2013	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
<b>Operating Results</b>					
Net sales	\$ 4,634	\$ 4,186	\$ 3,945	\$ 4,572	\$ 4,458
Cost of sales	2,509	2,399	2,304	2,677	2,768
Gross margin	2,125	1,787	1,641	1,895	1,690
Selling, general and administrative	499	464	438	510	502
Research and development	846	755	742	797	782
Amortization expense for acquired intangible assets <sup>(1)</sup>	15	13	13	232	467
Reorganization of businesses and other <sup>(2)</sup>	37	24	(15)	82	
Operating earnings (loss)	728	531	463	274	(61)
Loss on extinguishment or modification of long-term debt, net <sup>(3)</sup>	(79)	(217)	(32)	(97)	(417)
Other expense, net <sup>(4)</sup>	(345)	(482)	(531)	(559)	(600)
Earnings (loss) before income taxes	304	(168)	(100)	(382)	(1,078)
Income tax expense (benefit)	53	40	2	28	(25)
Net earnings (loss)	\$ 251	\$ (208)	\$ (102)	\$ (410)	\$ (1,053)
<b>Net earnings (loss) per share</b>					
Basic	\$ 0.84	\$ (0.81)	\$ (0.41)	\$ (1.82)	\$ (5.35)
Diluted	\$ 0.83	\$ (0.81)	\$ (0.41)	\$ (1.82)	\$ (5.35)
<b>Weighted average common shares outstanding<sup>(5)</sup></b>					
Basic	298	256	248	226	197
Diluted	303	256	248	226	197
<b>Consolidated Balance Sheet Data</b>					
Total cash and cash equivalents	\$ 696	\$ 747	\$ 711	\$ 772	\$ 1,043
Total assets	\$ 3,275	\$ 3,047	\$ 3,171	\$ 3,415	\$ 4,269
Total carrying value of debt and capital lease obligations	\$ 5,570	\$ 6,480	\$ 6,381	\$ 6,592	\$ 7,618



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Total shareholders deficit	\$ (3,581)	\$ (4,594)	\$ (4,531)	\$ (4,480)	\$ (4,934)
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- (1) Relates primarily to the amortization of assets acquired as a part of the December 1, 2006 acquisition of Freescale Inc. by a consortium of private equity funds, which we refer to in this joint proxy statement/prospectus as the 2006 merger, a significant portion of which became fully amortized during 2011. (Refer to Note 1, Summary of Significant Accounting Policies, and to Note 14, Supplemental Guarantor Condensed Consolidating Financial Statements, in the Consolidated Financial Statements in the 2014 Freescale annual report for a discussion of the 2006 merger.)
- (2) Charges in 2014 and 2013 were largely related to continued execution of the change in strategic direction which began in 2012 and on-going closure, decommissioning and demolition costs for Freescale's former manufacturing facilities located in Toulouse, France and Sendai, Japan, partially offset by the net proceeds from the sale of certain equipment and property at these sites. Benefits in 2012 were primarily related to insurance recoveries from the 2011 Sendai, Japan earthquake offset by charges related to the hiring of the Freescale's CEO and the change in its strategic direction. Charges in 2011 were related to the termination of management agreements with affiliates and advisors of the sponsors recorded in connection with Freescale's initial public offering and charges related to damage caused by the earthquake; these charges were partially offset by insurance recoveries related to the event. (Refer to Note 10 Reorganization of Business and Other, in the Consolidated Financial Statements in the 2014 Freescale annual report for further description of charges incurred and benefits received during the three years ended December 31, 2014.)
- (3) Charges related to multiple debt refinancing and redemption transactions occurring over each period and were comprised of call premiums, the write-off of remaining original issue discount and unamortized debt issuance costs along with other charges not eligible for capitalization, as applicable. The charges in 2010 were partially offset by a net gain related to open-market repurchases of Freescale Inc.'s existing notes during the period. (Refer to Note 2, Other Financial Data, in the Consolidated Financial Statements in the 2014 Freescale annual report for further description of charges incurred during the three years ended December 31, 2014.)
- (4) Primarily reflects interest expense associated with Freescale's long-term debt.
- (5) Year ended December 31, 2010 was adjusted for the impact of the reverse stock split accomplished in advance of Freescale's initial public offering in 2011.

**Table of Contents****Selected Unaudited Pro Forma Condensed Combined Financial Information**

The following selected unaudited pro forma condensed combined consolidated balance sheet data gives effect to the merger as if it had occurred on December 31, 2014 while the unaudited pro forma condensed combined statement of operations data for the year ended December 31, 2014 is presented as if the merger had been completed on January 1, 2014.

The following selected unaudited pro forma condensed combined consolidated financial information has been prepared for illustrative purposes only. The pro forma information is not necessarily indicative of what the combined company's condensed consolidated financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the information available at the time of the preparation of this joint proxy statement/prospectus. The following selected unaudited pro forma condensed combined consolidated financial information should be read in conjunction with the section entitled "Unaudited Pro Forma Condensed Combined Consolidated Financial Information" and related notes included in this joint proxy statement/prospectus.

	As of December 31, 2014
<b>Unaudited Pro Forma Condensed Combined Balance Sheet Data:</b>	
<i>(\$ in millions)</i>	
Cash and cash equivalents	333
Total assets	27,751
Net assets	12,399
Working capital	1,695
Total debt	10,128
Total stockholders' equity	12,136

	Year ended December 31, 2014
<b>Unaudited Pro Forma Condensed Combined Statements of Operations Data:</b>	
<i>(\$ in millions, except per share data)</i>	
Revenue	10,281
Operating income (loss)	877
Financial income (expense)-net	(804)
Net income (loss) attributable to stockholders	(80)
Net income (loss) per common share attributable to stockholders:	
Basic and diluted	(0.23)

**Unaudited Comparative Per Share Information**

The following table summarizes unaudited per share data for (i) NXP and Freescale on a historical basis for the year ended December 31, 2014, (ii) NXP on a pro forma combined basis giving effect to the merger and (iii) Freescale on an equivalent basis based on the exchange ratio of 0.3521 NXP ordinary shares for each Freescale common share. It has been assumed for purposes of the pro forma combined financial information provided below that the merger was completed on January 1, 2014 for earnings per share purposes and on December 31, 2014 for book value per share purposes. The historical earnings per share information should be read in conjunction with the audited annual historical consolidated financial statements and notes thereto of NXP and Freescale incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information." The unaudited pro forma combined earnings per share information is derived from, and should be read in conjunction with, the section entitled "Unaudited Pro Forma Condensed

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Combined Financial Information and related notes included in this joint proxy statement/prospectus. The pro forma information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the merger had been completed as of the beginning of the periods presented, nor is it necessarily indicative of the future operating results or financial position of the combined company. Freescale has not declared or paid cash dividends on Freescale common shares since its initial public offering on May 26, 2011, and NXP has never declared or paid cash dividends on NXP ordinary shares, so cash dividend per share information has been omitted from the table.

	NXP historical data Year ended December 31, 2014	Freescale historical data Year ended December 31, 2014	Unaudited Pro Forma Combined Year ended December 31, 2014	Freescale Equivalent Year ended December 31, 2014
Earnings (loss) per share				
Basic	\$ 2.27	\$ 0.84	\$ (0.23)	\$ (0.08)
Diluted	\$ 2.17	\$ 0.83	\$ (0.23)	\$ (0.08)
Book value per share	\$ 2.31	\$ (11.76)	\$ 35.71	\$ 12.57

**Comparative Share Price Data and Dividends****Share Prices**

The NXP ordinary shares are listed on NASDAQ under the symbol NXPI. The Freescale common shares are listed on the NYSE under the symbol FSL. The following table sets forth the closing sales prices per share of NXP ordinary shares and Freescale common shares on NASDAQ and the NYSE, as applicable, on the following dates:

February 12, 2015, the last full trading day before the publication of press reports regarding a potential sale of Freescale;

February 27, 2015, the last full trading day before the public announcement of the merger; and

March 18, 2015, the last trading day for which this information could be calculated before the date of this joint proxy statement/prospectus.

The table also presents the equivalent value of the merger consideration per Freescale common share on those dates:

	NXP Ordinary Shares	Freescale Common Shares	Value of Merger Consideration Per Freescale Common Share <sup>(1)</sup>
February 12, 2015	\$ 85.39	\$ 34.70	\$ 36.32
February 27, 2015	\$ 84.90	\$ 36.11	\$ 36.14
March 18, 2015	\$ 105.36	\$ 42.55	\$ 43.35

<sup>(1)</sup> The value of the merger consideration per Freescale common share has been determined by adding (i) the cash portion of the merger consideration, or \$6.25, plus (ii) the closing price of NXP ordinary shares multiplied by the exchange ratio of 0.3521.

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The following table sets forth, for the periods indicated, the high and low closing sales prices per share of NXP ordinary share and Freescale common share as reported on NASDAQ and the NYSE, as applicable.

For the period ended:	NXP Ordinary Shares		Freescale Common Shares	
	High	Low	High	Low
<b>2015</b>				
March 31	\$ 108.03	\$ 72.38	\$ 43.39	\$ 24.29
<b>2014</b>				
December 31	\$ 77.85	\$ 53.90	\$ 25.85	\$ 15.55
September 30	\$ 73.01	\$ 60.50	\$ 24.38	\$ 19.04
June 30	\$ 66.44	\$ 55.72	\$ 25.88	\$ 21.08
March 31	\$ 59.91	\$ 42.94	\$ 24.41	\$ 15.16
<b>2013</b>				
December 31	\$ 45.95	\$ 36.03	\$ 17.73	\$ 13.98
September 30	\$ 39.11	\$ 31.18	\$ 17.28	\$ 13.55
June 30	\$ 32.01	\$ 25.29	\$ 16.69	\$ 12.73
March 31	\$ 32.80	\$ 26.55	\$ 16.02	\$ 11.28
<b>2012</b>				
December 31	\$ 26.32	\$ 20.93	\$ 11.06	\$ 7.64
September 30	\$ 26.67	\$ 20.03	\$ 12.10	\$ 8.85
June 30	\$ 26.32	\$ 18.81	\$ 15.41	\$ 8.74
March 31	\$ 26.97	\$ 16.01	\$ 17.68	\$ 12.79

Because the exchange ratio will not be adjusted for changes in the market price of either NXP ordinary shares or Freescale common shares, the market value of the NXP ordinary shares that holders of Freescale common shares will have the right to receive on the date the merger is completed may vary significantly from the market value of the NXP ordinary shares that holders of Freescale common shares would receive if the merger was completed on the date of this joint proxy statement/prospectus. As a result, you should obtain recent market prices of Freescale common shares and NXP ordinary shares prior to voting your shares. See the section entitled **Risk Factors** **Risks Relating to the Merger**.

**Dividends**

Freescale has not declared or paid cash dividends on Freescale common shares since its initial public offering on May 26, 2011. NXP has never declared or paid cash dividends on NXP ordinary shares.

Under the merger agreement, prior to the effective time, except with the prior written consent of NXP, Freescale may not declare, set aside for payment or pay any dividend (whether in cash, stock or property or any combination thereof) on any Freescale common shares or other share capital of Freescale.

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**Cautionary Statements Regarding Forward-Looking Statements**

This joint proxy statement/prospectus and the documents incorporated by reference herein contain forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 that are not limited to historical facts but reflect NXP's and Freescale's current beliefs, expectations or intentions regarding future events. The words anticipate, believe, ensure, expect, if, estimate, probable, project, forecasts, predict, outlook, aim, will, could, should, would, potential, may, might, and strategy, and similar expressions, and the negative thereof, are intended to identify such forward-looking statements. These forward-looking statements, which are subject to numerous factors, risks and uncertainties about NXP and Freescale, may include projections of their respective future business, strategies, financial condition, results of operations and market data. These statements are only predictions based on current expectations and projections about future events. There are important factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected, including those set forth in the section entitled Risk Factors, the risk factors set forth in NXP's most recent Form 20-F and Freescale's most recent reports on Form 10-K, Form 10-Q and other documents on file with the SEC and the factors given below:

the failure to obtain the NXP shareholder approval or the Freescale shareholder approval in connection with the merger;

the failure to complete or delay in completing the merger for other reasons;

the timing to complete the merger;

the risk that a condition to the completion of the merger may not be satisfied;

the risk that a regulatory approval that may be required for the merger is delayed, is not obtained, or is obtained subject to conditions that are not anticipated;

NXP's and Freescale's ability to achieve the cost synergies and value creation contemplated by the merger;

the ability of either NXP or Freescale to effectively integrate their businesses; and

the diversion of management time on merger-related issues.

All subsequent written and oral forward-looking statements concerning NXP, Freescale, the transactions contemplated by the merger agreement or other matters attributable to NXP or Freescale or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above. NXP's and Freescale's forward-looking statements are based on assumptions that may not prove to be accurate. Neither NXP nor Freescale can guarantee future results, activity levels, performance or achievements. Moreover, neither NXP nor Freescale assumes responsibility for the accuracy and completeness of any of these forward-looking statements. NXP and Freescale assume no obligation to update or revise any forward-looking statements as a result of new information, future events or otherwise. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date of this joint proxy statement/prospectus.

**Table of Contents****RISK FACTORS**

*In addition to the other information included in and incorporated by reference into this joint proxy statement/prospectus, including the matters addressed in the section entitled **Cautionary Statements Regarding Forward-Looking Statements**, you should carefully consider the following risk factors. You should also read and consider the risks associated with each of the businesses of Freescale and NXP because these risks relate to the combined company following the completion of the merger. Descriptions of some of these risks can be found in NXP's and Freescale's annual and other reports filed with the SEC at the SEC's website at <http://www.sec.gov>. You should also consider the other information in this document and the other documents incorporated by reference into this document. See the section entitled **Where You Can Find More Information**.*

**Risks Relating to the Merger**

***The merger is subject to conditions, including certain conditions that may not be satisfied, or completed on a timely basis, if at all. Failure to complete the merger could have material and adverse effects on NXP and Freescale.***

The completion of the merger is subject to a number of conditions, including, among other things, the approval by NXP shareholders of the NXP merger proposal, the NXP share issuance proposal and the NXP option issuance proposal, the approval by Freescale shareholders of the Freescale merger proposal and obtaining antitrust and other regulatory approvals in the United States, the European Union and China and certain other jurisdictions, which make the completion and timing of the completion of the merger uncertain. See the section entitled **The Merger Agreement Conditions to the Completion of the Merger** for a more detailed discussion. Also, either NXP or Freescale may terminate the merger agreement if the merger has not been completed by March 1, 2016 (or June 1, 2016 if extended in accordance with the merger agreement).

If the merger is not completed on a timely basis, or at all, NXP's and Freescale's respective ongoing businesses may be adversely affected and, without realizing any of the benefits of having completed the merger, NXP and Freescale will be subject to a number of risks, including the following:

NXP and Freescale will be required to pay their respective costs relating to the merger, such as legal, accounting, financial advisory and printing fees, whether or not the merger is completed;

time and resources committed by NXP's and Freescale's respective management to matters relating to the merger could otherwise have been devoted to pursuing other beneficial opportunities;

the market price of NXP ordinary shares or Freescale common shares could decline to the extent that the current market price reflects a market assumption that the merger will be completed;

NXP and/or Freescale could be subject to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against NXP or Freescale to perform their respective obligations under the merger agreement; and

NXP or Freescale may be required, in certain circumstances, to pay a termination fee ranging from \$120 million to \$600 million to the other party (see the section entitled **The Merger Agreement Termination Fees**).

***The merger agreement contains provisions that limit each party's ability to pursue alternatives to the merger, could discourage a potential competing acquiror of either NXP or Freescale from making a favorable alternative transaction proposal and, in specified circumstances, could require either party to pay a termination fee of up to \$600 million to the other party.***

The merger agreement contains certain provisions that restrict Freescale's ability to initiate, solicit or, subject to certain exceptions, knowingly facilitate or encourage, or engage in discussions or negotiations with respect to, or approve or recommend, any third-party proposal for an alternative transaction. The merger





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agreement also contains certain provisions that restrict NXP's ability to approve, recommend or enter into certain third-party proposals for an alternative transaction. Further, even if the NXP board withdraws or qualifies its recommendation with respect to the NXP merger proposal or if the Freescale board withdraws or qualifies its recommendation with respect to the Freescale merger proposal, unless the merger agreement has been terminated in accordance with its terms, NXP or Freescale, as the case may be, will still be required to submit the NXP merger proposal or the Freescale merger proposal, as applicable, to a vote at its special meeting of shareholders. In addition, NXP generally has an opportunity to offer to modify the terms of the transactions contemplated by the merger agreement in response to any third-party alternative transaction proposal before the Freescale board may withdraw or qualify its recommendation with respect to the Freescale merger proposal. In some circumstances, upon termination of the merger agreement, a party will be required to pay a termination fee of up to \$600 million to the other party. See the sections entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals," "The Merger Agreement - NXP's Obligations with respect to NXP Acquisition Proposals," "The Merger Agreement - Termination of the Merger Agreement" and "The Merger Agreement - Termination Fees."

These provisions could discourage a potential third-party acquiror or merger partner that might have an interest in acquiring all or a significant portion of NXP or Freescale or pursuing an alternative transaction from considering or proposing such a transaction, even if it were prepared to pay consideration with a higher per share cash or market value than the merger consideration or might result in a potential third-party acquiror or merger partner proposing to pay a lower price to NXP shareholders or Freescale shareholders than it might otherwise have proposed to pay because of the added expense of the termination fee of up to \$600 million that may become payable in certain circumstances.

If the merger agreement is terminated and either NXP or Freescale determines to seek another business combination, NXP or Freescale, as applicable, may not be able to negotiate a transaction with another party on terms comparable to, or better than, the terms of the merger.

***Because the exchange ratio is fixed and the market price of NXP ordinary shares and Freescale common shares may fluctuate, Freescale shareholders cannot be sure of the value of the NXP ordinary shares they will receive on the closing date.***

Upon completion of the merger, pursuant to the terms of the merger agreement, each Freescale common share (other than certain Freescale common shares to be cancelled pursuant to the merger agreement) will be converted into the right to receive (i) \$6.25 in cash, without interest, and (ii) 0.3521 of an NXP ordinary share. The exchange ratio will not be adjusted for changes in the market price of either NXP ordinary shares or Freescale common shares between the date of the merger agreement and completion of the merger. Accordingly, the value of NXP ordinary shares that Freescale shareholders will receive on the closing date will depend upon the market price of NXP ordinary shares on the closing date. As a result, changes in the price of NXP ordinary shares prior to the closing date will affect the value of NXP ordinary shares that Freescale shareholders will receive on the closing date.

The prices of NXP ordinary shares and Freescale common shares and, as a result, the value of NXP ordinary shares that Freescale shareholders will receive pursuant to the merger agreement, have been fluctuating from the date the merger agreement and may fluctuate through the date of the completion of the merger. For example, based on the range of closing prices of NXP ordinary shares during the period from February 12, 2015, the last full trading day before the publication of press reports regarding a potential sale of Freescale, through [DATE], 2015, the most recent practicable trading day prior to the printing of this joint proxy statement/prospectus, the exchange ratio represented a value ranging from a high of \$[ ] to a low of \$[ ] for each Freescale common share. The actual market value of the NXP ordinary shares received by holders of Freescale common shares upon completion of the merger may be outside this range. Accordingly, at the time of the NXP special meeting and the Freescale special meeting, Freescale shareholders will not know or be able to determine the value of NXP ordinary shares they may receive upon completion of the merger. For that reason, the market prices of NXP

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ordinary shares and Freescale common shares on the date of the NXP special meeting and the Freescale special meeting may not be indicative of the value of NXP ordinary shares that Freescale shareholders will receive upon completion of the merger.

***Freescale's executive officers and directors may have interests in the transactions that are different from, or in addition to, the interests of Freescale shareholders generally.***

Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. The executive officers of Freescale have arrangements with Freescale that provide for severance, accelerated vesting of certain rights and other benefits if their employment is terminated under certain circumstances following the completion of the merger. Executive officers and directors of Freescale also have rights to indemnification, advancement of expenses and directors' and officers' liability insurance that will survive completion of the merger. The Freescale board was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that Freescale shareholders vote FOR the Freescale merger proposal at the Freescale special meeting. These interests may cause Freescale's directors and executive officers to view the merger differently and more favorably than you may view them. These interests are described in greater detail in the section entitled The Merger Interests of Certain Freescale Persons in the Merger.

***Each party is subject to business uncertainties and contractual restrictions while the proposed merger is pending, which could adversely affect each party's business and operations.***

In connection with the pendency of the merger, it is possible that some customers, suppliers and other persons with whom NXP or Freescale has a business relationship may delay or defer certain business decisions or might decide to seek to terminate, change or renegotiate their relationships with NXP or Freescale, as the case may be, as a result of the merger, which could negatively affect NXP's or Freescale's respective revenues, earnings and cash flows, as well as the market price of NXP ordinary shares or Freescale common shares, regardless of whether the merger is completed.

Under the terms of the merger agreement, each of NXP or Freescale is subject to certain restrictions on the conduct of its business prior to completing the merger, which may adversely affect its ability to execute certain of its business strategies, including the ability in certain cases to acquire assets. Freescale is subject to additional restrictions on its ability to enter into contracts, dispose of assets, incur indebtedness or incur capital expenditures. Such limitations could negatively affect each party's businesses and operations prior to the completion of the merger.

***The merger is subject to the expiration of applicable waiting periods under and the receipt of approvals, consents or clearances from domestic and foreign regulatory authorities that may impose conditions that could have an adverse effect on NXP, Freescale or the combined company or, if not obtained, could prevent completion of the merger.***

Before the merger may be completed, any waiting period (or extension thereof) applicable to the merger must have expired or been terminated, and any approvals, consents or clearances required in connection with the merger must have been obtained, in each case, under the HSR Act and under antitrust laws in the European Union, China and certain other foreign jurisdictions. In deciding whether to grant the required regulatory approval, consent or clearance, the relevant governmental entities will consider the effect of the merger on competition within their relevant jurisdiction. The terms and conditions of the approvals, consents and clearances that are granted may impose requirements, limitations or costs or place restrictions on the conduct of the combined company's business.

Under the merger agreement, Freescale and NXP have agreed to use their reasonable best efforts to obtain such approvals, consents and clearances and therefore may be required to comply with conditions or limitations

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imposed by governmental authorities. In addition, NXP has agreed to divest either its or Freescale's RF Power business (as defined in the section entitled "The Merger Agreement - Efforts to Complete the Merger"). However, no assurance can be given that NXP will be able to find a suitable purchaser for the RF Power business or agree with such purchaser on terms acceptable to NXP prior to or upon the completion of the merger, or at all. NXP has also agreed to use reasonable best efforts to take any and all actions and accept any restrictions with respect to the business activities of NXP and Freescale necessary to obtain approval or clearance of the transactions contemplated by the merger agreement by the relevant government entities, except to the extent that such action would reasonably be likely to have a material adverse impact on any business line of NXP (disregarding, for these purposes, any adverse impact resulting from the sale of the RF Power business (as defined in the section entitled "The Merger Agreement - Efforts to Complete the Merger")).

There can be no assurance that regulators will not impose unanticipated conditions, terms, obligations or restrictions and that such conditions, terms, obligations or restrictions will not have the effect of delaying completion of the merger or imposing additional material costs on or materially limiting the revenues of the combined company following the completion of the merger. In addition, neither Freescale nor NXP can provide assurance that any such conditions, terms, obligations or restrictions will not result in the delay or abandonment of the merger. If the merger agreement is terminated as a result of a failure to obtain required approval, consent or clearance by applicable antitrust authorities, NXP is obligated to pay a termination fee of \$300 million (unless NXP's willful and intentional breach of certain of its obligations under the merger agreement caused such delay or failure, in which event NXP is obligated to pay an additional \$300 million). For a more detailed description of the regulatory review process and the termination fee, see the sections entitled "The Merger - Regulatory Approvals Required to Complete the Merger," "The Merger Agreement - Termination of the Merger Agreement" and "The Merger Agreement - Termination Fees."

***There can be no assurance that NXP will be able to secure the funds necessary to pay the cash portion of the merger consideration and refinance certain of Freescale's existing indebtedness on acceptable terms, in a timely manner, or at all and NXP may be required to pay a termination fee if such financing is not available.***

NXP intends to fund the cash portion of the merger consideration with a combination of cash on hand and the debt financing, and also intends to refinance certain of Freescale's existing indebtedness with the debt financing. To this end, NXP B.V. has entered into the debt commitment letter for term loan facilities in an aggregate amount of up to \$6.5 billion as of the date of this joint proxy statement/prospectus and a revolving credit facility in an amount of up to \$600 million. However, neither NXP nor any of its subsidiaries has entered into definitive agreements for the debt financing (or any equity issuance or other financing arrangements in lieu thereof). There can be no assurance that NXP will be able to secure the debt financing pursuant to the debt commitment letter.

In the event that the debt financing contemplated by the debt commitment letter is not available, other financing may not be available on acceptable terms, in a timely manner or at all. If NXP is unable to secure financing for the merger, the merger may not be completed. In the event of a termination of the merger agreement due to NXP's failure to obtain the necessary financing to complete the merger, NXP will be obligated to pay a termination fee to Freescale in the amount of \$600 million.

***Any delay in completing the merger may reduce or eliminate the benefits expected to be achieved thereunder.***

In addition to the required regulatory approvals, consents or clearances, the completion of the merger is subject to a number of other conditions beyond NXP's and Freescale's control that may prevent, delay or otherwise materially adversely affect such completion. NXP and Freescale cannot predict whether and when these other conditions will be satisfied. Furthermore, the requirements for obtaining the required approvals, consents or clearances could delay the completion of the merger for a significant period of time or prevent it from occurring. Any delay in completing the merger could cause the combined company to delay or not to realize

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some or all of the cost synergies that NXP and Freescale expect to achieve if the merger is successfully completed within the expected time frame. See the section entitled "The Merger Agreement - Conditions to the Completion of the Merger."

***Uncertainties associated with the merger may cause a loss of management personnel and other key employees which could adversely affect the future business and operations of the combined company.***

NXP and Freescale are dependent on the experience and industry knowledge of their officers and other key employees to execute their business plans. The combined company's success after the completion of the merger will depend in part upon the ability of NXP and Freescale to retain key management personnel and other key employees. Current and prospective employees of NXP and Freescale may experience uncertainty about their roles within the combined company following the completion of the merger, which may have an adverse effect on the ability of each of NXP and Freescale to attract or retain key management and other key personnel. Accordingly, no assurance can be given that the combined company will be able to attract or retain key management personnel and other key employees of NXP and Freescale to the same extent that NXP and Freescale have previously been able to attract or retain their own employees.

***Litigation may be filed against Freescale, NXP or their respective board of directors or officers, which could prevent or delay the completion of the merger or result in the payment of damages following completion of the merger.***

Lawsuits may be filed against Freescale, NXP or their respective board of directors or officers in connection with the merger, which could prevent or delay completion of the merger and result in substantial costs to Freescale and NXP, including any costs associated with indemnification. The defense or settlement of any lawsuit or claim that remains unresolved at the time the merger is completed may adversely affect the combined company's business, financial condition, results of operations and cash flows.

***The unaudited pro forma condensed combined financial information in this joint proxy statement/prospectus is presented for illustrative purposes only and may differ materially from the operating results and financial condition of the combined company following completion of the pro forma events.***

The unaudited pro forma condensed combined financial information in this joint proxy statement/prospectus is presented for illustrative purposes only and is not necessarily indicative of what the combined company's actual financial position or results of operations would have been had the pro forma events been completed on the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The preparation of the pro forma condensed combined financial information is based upon available information and certain assumptions and estimates that NXP and Freescale currently believe are reasonable. The unaudited pro forma condensed combined financial information reflects adjustments, which are based upon preliminary estimates, to allocate the purchase price to Freescale's net assets. The purchase price allocation reflected in this joint proxy statement/prospectus is preliminary, and the final allocation of the purchase price will be based upon the actual purchase price and the fair value of the assets and liabilities of Freescale as of the closing date. In addition, subsequent to the completion of the merger, there may be further refinements of the purchase price allocation as additional information becomes available. Accordingly, the final purchase accounting adjustments may differ materially from the pro forma adjustments reflected in this joint proxy statement/prospectus. See the section entitled "Unaudited Pro Forma Condensed Combined Financial Information."

***Completion of the merger may trigger change in control or other provisions in certain agreements to which Freescale is a party.***

Freescale is party to certain agreements that give the counterparties to such agreements certain rights, including consent and termination rights, in connection with "change in control" transactions or otherwise. Under certain of these agreements, the merger may constitute a "change in control" or otherwise give rise to consent or

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termination rights and, therefore, the counterparties may assert their rights in connection with the merger, including in the case of indebtedness, acceleration of amounts due. Any such counterparty may request modifications of its agreements as a condition to granting a waiver or consent under those agreements, and there can be no assurance that such counterparties will not exercise their rights under the agreements, including termination rights where available. In addition, the failure to obtain consent under one agreement may be a default under other agreements and, thereby, trigger rights of the counterparties to such other agreements, including termination rights where available.

***Uncertainties associated with the merger could adversely affect the businesses, revenues and gross margins of Freescale, NXP and the combined company.***

In response to the announcement of the merger or due to ongoing uncertainty about the merger, customers of Freescale or NXP may delay or defer purchasing decisions or elect to switch to other suppliers. In particular, prospective and existing customers could be reluctant to purchase the products and services of Freescale, NXP or the combined company due to uncertainty about the direction of the combined company's offerings and its willingness to support existing products. To the extent that the merger creates uncertainty among those persons and organizations contemplating purchases such that customers delay, defer or change purchases in connection with the merger, the revenues of Freescale, NXP or the combined company would be adversely affected. Customer assurances may be made by Freescale or NXP to address their customers' uncertainty about the direction of the combined company's offerings and its willingness to support existing products, which may result in additional obligations of Freescale, NXP or the combined company. As a result of any of these actions, quarterly revenues and net earnings of Freescale, NXP or the combined company could be substantially below expectations of market analysts and a decline in the companies' respective share prices could result.

### **Risks Relating to the Combined Company after Completion of the Merger**

***The combined company may be unable to successfully integrate the businesses of NXP and Freescale and realize the anticipated benefits of the merger.***

The merger involves the combination of two companies that currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating the business practices and operations of NXP and Freescale. Potential difficulties the combined company may encounter as part of the integration process include the following:

the inability to successfully combine the businesses of NXP and Freescale, or particular business segments such as automotive, in a manner that permits the combined company to enjoy the advantages of highly complementary product portfolios and end-market exposure of the businesses of NXP and Freescale, to be able to offer more innovative and complete solutions to its customers by leveraging NXP's security capability and Freescale's broad based microcontroller offering, to achieve the full cost synergies and other benefits anticipated to result from the merger, and to further expand the combined company's global market reach and customer base and expand into other business areas of strategic importance;

the inability of the combined company, or particular business segments such as automotive, to achieve or maintain leading industry standards in quality, supply chain management and innovation;

complexities associated with managing the businesses of the combined company, including challenges of integrating complex systems, technology, networks and other assets of each of the companies in a seamless manner that minimizes any adverse impact on customers, suppliers, employees and other constituencies;

integrating the workforces of the two companies while maintaining focus on providing consistent, high quality customer service; and

potential unknown liabilities and unforeseen increased expenses or delays associated with the merger, including costs to integrate the two companies that may exceed the anticipated costs that NXP and Freescale estimated prior to the execution of the merger agreement.



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In addition, NXP and Freescale have operated, and will continue to operate, independently and may not begin the actual integration process until the completion of the merger. Although the parties are conducting an integration planning process as permitted by legal restrictions, this process could result in:

diversion of the attention of each company's management; and

the disruption of, or the loss of momentum in, each company's ongoing businesses or inconsistencies in standards, controls, procedures and policies.

Any of the foregoing could adversely affect each company's ability to maintain relationships with customers, suppliers, employees and other constituencies or NXP's and Freescale's ability to achieve the anticipated benefits of the merger or could reduce each company's earnings or otherwise adversely affect the business and financial results of the combined company.

***The combined company may not be able to adequately protect or enforce its intellectual property rights, which could harm its competitive position.***

The combined company's success and future revenue growth will depend, in part, on its ability to protect its intellectual property. The combined company will primarily rely on patent, copyright, trademark and trade secret laws, as well as nondisclosure agreements and other methods, to protect its proprietary technologies and processes. It is possible that competitors or other unauthorized third parties may obtain, copy, use or disclose the combined company's proprietary technologies and processes, despite efforts by the combined company to protect its proprietary technologies and processes. While the combined company will hold a significant number of patents, there can be no assurances that any additional patents will be issued. Even if new patents are issued, the claims allowed may not be sufficiently broad to protect the combined company's technology. In addition, any of NXP's or Freescale's existing patents, and any future patents issued to the combined company, may be challenged, invalidated or circumvented, either in connection with the transactions contemplated by the merger agreement or otherwise. As such, any rights granted under these patents may not provide the combined company with meaningful protection. NXP and Freescale may not have, and in the future the combined company may not have, foreign patents or pending applications corresponding to its U.S. patents and applications. Even if foreign patents are granted, effective enforcement in foreign countries may not be available. If the combined company's patents do not adequately protect its technology, competitors may be able to offer products similar to the combined company's products. The combined company's competitors may also be able to develop similar technology independently or design around its patents.

***NXP shareholders and Freescale shareholders will have a reduced ownership and voting interest after completion of the merger and will exercise less influence over management.***

NXP shareholders presently have the right to vote on the appointment of members of the NXP board and on other matters affecting NXP. Freescale shareholders presently have the right to vote in the election of the Freescale board and on other matters affecting Freescale. Immediately after the merger is completed, it is expected that current NXP shareholders will own approximately 68% of the combined company's ordinary shares outstanding and current Freescale shareholders will own approximately 32% of the combined company's ordinary shares outstanding, respectively.

As a result, current NXP shareholders and current Freescale shareholders will have less influence on the management and policies of the combined company than they now have on the management and policies of NXP and Freescale, respectively.

***NXP will assume or refinance certain of Freescale's existing indebtedness in connection with the completion of the merger, which may reduce the combined company's operational flexibility.***

NXP will assume or refinance certain of Freescale's existing indebtedness in connection with the completion of the merger and will also incur additional indebtedness to fund a portion of the cash portion of the

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merger consideration payable in connection with the merger. The combined company's debt service obligations could reduce its operational flexibility, including increasing the combined company's vulnerability to adverse economic or industry developments, restricting the combined company from making strategic acquisitions and reducing the combined company's ability to use its cash flow to fund operations, capital expenditures and future business opportunities. In addition, the rating of the combined company's debt by rating agencies may impact the cost and availability of future borrowings. As a result of the merger and related assumption or refinancing of Freescale's indebtedness, the combined company may have its rating downgraded or placed on negative watch, which may increase the costs or decrease the availability of borrowings. There can be no assurance that the combined company will achieve a particular rating or maintain a particular rating in the future.

***The market price of the combined company's ordinary shares may be volatile, and holders of the combined company's ordinary shares could lose a significant portion of their investment due to drops in the market price of the combined company's ordinary shares following completion of the merger.***

The market price of the combined company's ordinary shares may be volatile, and following completion of the merger, Freescale shareholders who receive NXP ordinary shares may not be able to resell their NXP ordinary shares at or above the price at which they acquired the ordinary shares pursuant to the merger agreement due to fluctuations in the market price, including changes in price caused by factors unrelated to the combined company's operating performance or prospects. In particular, the market price of NXP ordinary shares has in the past experienced significant fluctuation, including fluctuation that is unrelated to NXP's performance, and this fluctuation may continue in the future.

Specific factors that may have a significant effect on the market price for the combined company's ordinary shares include, among others, the following:

changes in stock market analyst recommendations or earnings estimates regarding the combined company's ordinary shares, other companies comparable to it or companies in the industries it serves;

actual or anticipated fluctuations in the combined company's operating results or future prospects, which may be influenced by, among other things, changes in semiconductor industry conditions;

reaction to public announcements by the combined company;

strategic actions taken by the combined company or its competitors, such as acquisitions or restructurings;

failure of the combined company to achieve the perceived benefits of the merger, including financial results and anticipated cost synergies, as rapidly as or to the extent anticipated by financial or industry analysts;

the recruitment or departure of key personnel;

new laws or regulations or new interpretations of existing laws or regulations applicable to the combined company's business and operations;

changes in tax or accounting standards, rulings, policies, guidance, interpretations or principles;

adverse conditions in the financial markets or general U.S. or international economic conditions, including those resulting from war, incidents of terrorism and responses to such events;



the fact that the sponsors will receive a significant amount of NXP ordinary shares as a result of the merger and three months after the closing date may sell such shares from time to time, subject to certain restrictions set forth in the shareholders agreement to be entered into between NXP and the sponsors (see the section entitled "The Shareholders Agreements"); and

sales of ordinary shares by the combined company, members of its management team or significant shareholders.

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***The market price of the combined company's ordinary shares may be affected by factors different from those affecting the price of NXP ordinary shares or Freescale common shares.***

Upon completion of the merger, holders of NXP ordinary shares and Freescale common shares will become holders of ordinary shares in the combined company. Although in operating in the semiconductor industry the combined company will generally be subject to the same risks that each of NXP and Freescale currently face, the results of operations as well as the price of the combined company's ordinary shares may in the future be affected by factors different from those factors affecting NXP and Freescale as independent stand-alone companies. The combined company may face additional risks and uncertainties that NXP or Freescale may currently not be exposed to as independent companies.

***The future results of the combined company may suffer if the combined company does not effectively manage its expanded operations following the completion of the merger.***

Following the completion of the merger, the size of the business of the combined company will increase significantly beyond the current size of either NXP's or Freescale's business. The combined company's future success depends, in part, upon its ability to manage this expanded business, which will pose substantial challenges for management, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. There can be no assurances that the combined company will be successful or that it will realize the expected operating efficiencies, cost savings and other benefits currently anticipated from the merger.

***NXP is a foreign private issuer under the rules and regulations of the SEC and foreign private issuers are exempt from a number of rules under the Exchange Act and are permitted to file less information with the SEC than issuers that are not foreign private issuers.***

As a foreign private issuer under the Exchange Act, NXP is exempt from certain rules under the Exchange Act, and is not required to file periodic reports and financial statements with the SEC as frequently or as promptly as companies whose securities are registered under the Exchange Act but are not foreign private issuers, or to comply with Regulation FD, which restricts the selective disclosure of material nonpublic information. In addition, NXP will be exempt from certain disclosure and procedural requirements applicable to proxy solicitations under Section 14 of the Exchange Act. NXP's officers, directors and principal shareholders are exempt from the reporting and short-swing profit recovery provisions of Section 16 of the Exchange Act. Accordingly, there may be less publicly available information concerning NXP than there is for Freescale prior to the merger, and such information may not be provided as promptly as it is provided by Freescale prior to the merger. In addition, certain information may be provided in accordance with Dutch law, which may differ in substance or timing from such disclosure requirements under the Exchange Act.

### **Other Risk Factors of NXP and Freescale**

NXP's and Freescale's businesses are and will be subject to the risks described above. In addition, Freescale is, and will continue to be subject to the risks described in Freescale's annual report on Form 10-K for the fiscal year ended December 31, 2014, as updated by subsequent quarterly reports on Form 10-Q and current reports on Form 8-K, and NXP is, and will continue to be subject to the risks described in NXP's annual report on Form 20-F for the fiscal year ended December 31, 2014, all of which are filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information" for the location of information incorporated by reference into this joint proxy statement/prospectus.

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**INFORMATION ABOUT NXP**

**NXP Semiconductors N.V.**

NXP Semiconductors N.V., a Dutch public limited liability company, is a global semiconductor company and a long-standing supplier in the industry. NXP provides high performance mixed signal and standard product solutions that are used in a wide range of applications such as: automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing.

As of December 31, 2014, NXP had 27,884 full-time equivalent employees located in over 20 countries, with research and development activities in Asia, Europe and the United States, and manufacturing facilities in Asia and Europe.

NXP ordinary shares are traded on NASDAQ under the symbol NXPI.

The principal executive offices of NXP are located at High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, and its telephone number is +31 40 2729960. Additional information about NXP and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information.

**Nimble Acquisition Limited**

Nimble Acquisition Limited, a Bermuda exempted limited liability company, is a wholly-owned, indirect subsidiary of NXP. Merger Sub was formed solely in contemplation of the merger, has not conducted any business and has no assets, liabilities or other obligations of any nature other than as set forth in the merger agreement. Its principal executive offices are located at c/o NXP Semiconductors N.V., High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, and its telephone number is +31 40 2729960.

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**INFORMATION ABOUT FREESCALE**

**Freescale Semiconductor, Ltd.**

Freescale Semiconductor, Ltd., a Bermuda exempted limited liability company, is a global leader in microcontrollers and digital networking processors, commonly referred to as embedded processors. Embedded processors are the backbone of electronic systems, providing essential control, intelligence and security, while enhancing performance and power efficiency. Freescale combines its embedded processors with its complementary analog, sensor and radio frequency (RF) devices, as well as a full suite of software and design tools, to provide highly integrated embedded processing solutions that streamline customer development efforts, lower their costs and shorten their time to market. As of December 31, 2014, Freescale employed approximately 17,300 full-time employees.

Freescale common shares are traded on NYSE under the symbol FSL.

The principal executive offices of Freescale are located at 6501 William Cannon Drive West, Austin, Texas 78735 and its telephone number is (512) 895-2000. Additional information about Freescale and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled Where You Can Find More Information.

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### NXP SPECIAL MEETING

#### General

This joint proxy statement/prospectus is being provided to NXP shareholders as part of a solicitation of proxies by the NXP board for use at the NXP special meeting. This joint proxy statement/prospectus provides NXP shareholders with information about the NXP special meeting and should be read carefully in its entirety.

#### Date, Time and Place of the NXP Special Meeting

The NXP special meeting will be held on [DATE], 2015, beginning at [TIME], at NXP's principal executive offices located at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands.

#### Purposes of the NXP Special Meeting

The NXP special meeting is being held to consider and vote upon:

*Proposal 1-A:* the NXP merger proposal;

*Proposal 1-B:* the NXP share issuance proposal;

*Proposal 1-C:* the NXP option issuance proposal;

*Proposal 2-A:* the NXP director election proposal to appoint [NAME] as non-executive director of NXP

[APPLICABLE BIOGRAPHY]; and

*Proposal 2-B:* the NXP director election proposal to appoint [NAME] as non-executive director of NXP.

[APPLICABLE BIOGRAPHY]

Proposals 1-A, 1-B and 1-C will be put to a vote as one single voting item. Proposals 2-A and 2-B will each be put to a vote separately.

#### Recommendation of the NXP Board

The NXP board recommends that NXP shareholders vote:

*Proposal 1-A, 1-B and 1-C:* **FOR** the NXP merger proposal, the NXP share issuance proposal and the NXP option issuance proposal;

*Proposal 2-A:* **FOR** the NXP director election proposal to appoint [NAME] as non-executive director of NXP; and

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**Proposal 2-B: FOR** the NXP director election proposal to appoint [NAME] as non-executive director of NXP.

**The NXP board has unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interest of NXP and its shareholders.** See the section entitled The Merger Recommendation of the NXP Board and Reasons for the Merger.

This joint proxy statement/prospectus contains important information regarding these proposals and factors that NXP shareholders should consider when deciding how to cast their votes. NXP shareholders are encouraged to read the entire document carefully, including the annexes to and documents incorporated by reference into this document, for more detailed information regarding the merger agreement and the transactions contemplated by the merger agreement, including the merger.

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### **Attendance at the NXP Special Meeting**

Only NXP shareholders of record as of the NXP record date, NXP beneficial owners as of the NXP record date, holders of valid proxies for the NXP special meeting and other persons admitted by the chairman of the meeting may attend the NXP special meeting.

Persons that wish to attend the NXP special meeting must notify the NXP board of their intention to do so no later than [DATE], 2015, by submitting their name and number of NXP ordinary shares owned to NXP Semiconductors N.V., High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, Attention: Secretary.

All attendees must be prepared to identify with a valid proof of identity for admittance. The additional items, if any, that attendees must bring depend on whether they are NXP shareholders of record, NXP beneficial owners or proxy holder.

An NXP shareholder who holds NXP ordinary shares directly registered in such shareholder's name in NXP's shareholder register, which we refer to in this joint proxy statement/prospectus as an NXP shareholder of record, who wishes to attend the NXP special meeting in person must bring a valid proof of identity.

A shareholder who holds NXP ordinary shares in street name through a broker, bank, trustee or other nominee, which we refer to in this joint proxy statement/prospectus as an NXP beneficial owner, who wishes to attend the NXP special meeting in person must bring:

a valid proof of identity; and

proof of beneficial ownership as of the NXP record date (e.g., a letter from the broker, bank, trustee or other nominee that is the record owner of such NXP beneficial owner's NXP ordinary shares, a brokerage account statement or the voting instruction form provided by the broker).

A person who holds a validly executed proxy entitling such person to vote on behalf of an NXP beneficial owner and who wishes to attend the NXP special meeting in person must bring:

valid proof of identity;

the validly executed proxy naming such person as the proxy holder, signed by the NXP beneficial owner; and

proof of beneficial ownership of the relevant NXP beneficial owner as of the NXP record date (e.g., a letter from the broker, bank, trustee or other nominee that is the record owner of such NXP beneficial owner's NXP ordinary shares, a brokerage account statement or the voting instruction form provided by the broker).

A person who holds a validly executed proxy entitling such person to vote on behalf of an NXP shareholder of record who wishes to attend the NXP special meeting in person must bring:

valid proof of identity;

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the validly executed proxy naming such person as the proxy holder, signed by the NXP shareholder of record; and

proof of the signing shareholder's record ownership as of the NXP record date.

No cameras or other recording equipment will be allowed in the meeting room. Failure to provide the requested documents at the door or failure to comply with the procedures for the NXP special meeting may prevent shareholders from being admitted to the NXP special meeting.

### **Record Date**

The NXP record date, which is the date for the determination of shareholders entitled to vote at the NXP special meeting, is [DATE], 2015, which is the 28th day prior to the date of the meeting. Only NXP shareholders who hold NXP ordinary shares of record or beneficially hold NXP ordinary shares on the NXP record date are



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entitled to vote at the NXP special meeting. Each NXP ordinary share entitles its holder to one vote at the NXP special meeting on each of the proposals.

### **Issued and Outstanding NXP Ordinary Shares**

As of [DATE], 2015, there were [ ] NXP ordinary shares issued and outstanding, held by [ ] holders of record. Each NXP ordinary share entitles its holder of record to one vote at the NXP special meeting on each of the proposals. NXP ordinary shares are the only class of shares entitled to vote, and holders of NXP ordinary shares are entitled to vote on each proposal presented at the NXP special meeting.

### **NXP's Directors and Executive Officers and Ownership and Voting of NXP Ordinary Shares**

As of [DATE], 2015, NXP directors and executive officers, as a group, owned and were entitled to vote [ ] NXP ordinary shares, or approximately [ ]% of the outstanding NXP ordinary shares. NXP currently expects that these directors and executive officers will vote their NXP ordinary shares that are held at the record date in favor of the above proposals, although none of them has entered into any agreement obligating them to do so.

### **Quorum**

No quorum requirements apply to the NXP special meeting.

### **Vote Required**

The votes required for each proposal are as follows:

*Proposals 1-A, 1-B and 1-C*, which proposals will be put to a vote as one single voting item, require the affirmative vote of a majority of the votes cast at the NXP special meeting; and

*Proposals 2-A and 2-B*, will be adopted, unless a two-thirds majority of the votes cast at the NXP special meeting, which majority represents more than half of the issued share capital, votes against the proposals.

The failure of any NXP shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) and any abstention from voting by an NXP shareholder will have no effect on any of the proposals. There can be no broker non-votes at the NXP special meeting, so failure to provide instructions to a broker or other nominee on how to vote will result in such NXP ordinary shares not being counted as present at the meeting. A broker non-vote occurs when the broker or other nominee has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal but does have discretionary voting power on one or more other proposals. The only proposals to be voted on at the NXP special meeting are non-routine under applicable rules and regulation and so any broker or other nominee may not vote on any of these proposals without instructions from the NXP beneficial owner.

### **How To Vote**

For NXP ordinary shares that are held by NXP beneficial owners through a broker, bank or other nominee (such shares often are referred to as held in street name), there is a two-step process for distributing this joint proxy statement/prospectus, proxy card and other proxy materials and tabulating votes. Brokers inform NXP how many of their clients own NXP ordinary shares in street name, and the brokers forward this joint proxy statement/prospectus, proxy card and other proxy materials to those NXP beneficial owners. The NXP beneficial owner can vote his, her or its NXP ordinary shares by following the procedures specified on his, her or its broker's voting instruction form. Shortly before the NXP special meeting, the brokers will tabulate the votes they have received and submit a proxy card to NXP reflecting the aggregate votes of the street name holders.

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An NXP shareholder of record as of the NXP record date may have its NXP ordinary shares voted by submitting a proxy or may vote in person at the NXP special meeting by following the instructions provided on the enclosed proxy card.

NXP shareholders are encouraged to submit a proxy promptly. Each valid proxy received in time will be voted at the NXP special meeting according to the choice specified, if any. Executed but uninstructed proxies (i.e., proxies that are properly signed, dated and returned but are not marked to tell the proxies how to vote) will be voted in accordance with the recommendations of the NXP board.

### **Voting Instructions and Revocation**

NXP beneficial owners may change their voting instruction only by submitting new voting instructions to the brokers, banks or other nominees that hold their NXP ordinary shares.

An NXP shareholder of record may revoke a proxy given to a representative of NXP as provided for in the proxy card in any of the following ways:

by sending a written notice of revocation to NXP at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, Attention: Secretary, which notice must be received before shares of such NXP shareholder are voted at the NXP special meeting;

by properly submitting a later-dated, new proxy card, which must be received before shares of such NXP shareholder are voted at the NXP special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

by submitting a proxy via Internet or by telephone no later than 11:59 p.m. Eastern Time on the day before the NXP special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

by attending the NXP special meeting and voting in person. Attendance at the NXP special meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

### **Solicitation of Proxies**

The NXP board is soliciting your proxy and NXP will bear the costs of the proxy solicitation related to the NXP special meeting. In addition to sending and making available these materials, some of NXP's directors, officers and other employees may solicit proxies by contacting NXP shareholders by telephone, by mail, by e-mail or in person. NXP shareholders may also be solicited by press releases issued by NXP and/or Freescale, postings on NXP's or Freescale's websites and advertisements in periodicals. None of NXP's directors, officers or employees will receive any extra compensation for their solicitation services. Freescale has also retained [ ] to assist in the solicitation of proxies for an estimated fee of approximately \$[ ], plus reasonable out-of-pocket expenses. NXP will also reimburse brokers, banks and other nominees for their expenses in sending proxy solicitation materials to the NXP beneficial owners and obtaining their proxies.

### **Questions and Additional Information**

NXP shareholders may contact NXP's proxy solicitor, [ ], with any questions about the proposals or how to vote or to request additional copies of any materials at [ ]. Shareholders may call toll-free at [ ], and banks and brokers may call collect at [ ].

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### **FREESCALE SPECIAL MEETING**

#### **General**

This joint proxy statement/prospectus is being provided to Freescale shareholders as part of a solicitation of proxies by the Freescale board for use at the Freescale special meeting and at any adjournments or postponements thereof. This joint proxy statement/prospectus provides Freescale shareholders with information about the Freescale special meeting and should be read carefully in its entirety.

#### **Date, Time and Place of the Freescale Special Meeting**

The Freescale special meeting will be convened for [DATE], 2015, beginning at [TIME], to be held at Freescale's principal executive offices located at 6501 William Cannon Drive West, Austin, Texas 78735, unless adjourned or postponed to a later date or time.

#### **Purposes of the Freescale Special Meeting**

The Freescale special meeting is being held to consider and vote upon:

*Proposal 1:* the Freescale merger proposal;

*Proposal 2:* the Freescale compensation proposal; and

*Proposal 3:* the Freescale adjournment proposal.

Section 14A of the Exchange Act, which was enacted as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, requires that Freescale provide its shareholders with the opportunity to vote to approve, on an advisory (non-binding) basis, the compensation arrangements and compensation that may be paid or become payable to Freescale's named executive officers in connection with the merger, as disclosed in the section entitled "The Merger Interests of Certain Freescale Persons in the Merger Compensation Related to the Merger" and the accompanying footnotes. Through Proposal 2, Freescale is asking its voting shareholders to indicate their approval of the various change of control payments and equity acceleration which Freescale's named executive officers will or may be eligible to receive in connection with the merger as indicated in such section. The various plans and arrangements pursuant to which these compensation payments may be made have previously formed part of Freescale's overall compensation program for its named executive officers, which has been disclosed to Freescale shareholders as required in the Compensation Discussion and Analysis and related sections of Freescale's annual proxy statements. Freescale is seeking approval of the following resolution:

RESOLVED, that Freescale shareholders approve, solely on an advisory (non-binding) basis, the compensation arrangements and compensation that may be paid or become payable to Freescale's named executive officers in connection with the merger, as disclosed pursuant to Item 402(t) of Regulation S-K in the section entitled "The Merger Interests of Certain Freescale Persons in the Merger Compensation Related to the Merger" and the accompanying footnotes.

Freescale shareholders should note that Proposal 2 is merely an advisory vote which will not be binding on Freescale, the Freescale board or NXP. Further, the underlying plans and arrangements are contractual in nature and not, by their terms, subject to shareholder approval. Accordingly, regardless of the outcome of the advisory vote, if the merger is completed, the eligibility of Freescale's named executive officers for such payments and benefits will not be affected by the outcome of the advisory vote.

#### **Recommendation of the Freescale Board**

The Freescale board recommends that Freescale shareholders vote:

*Proposal 1:* **FOR** the Freescale merger proposal;



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**Proposal 2: FOR** the Freescale compensation proposal; and

**Proposal 3: FOR** the Freescale adjournment proposal.

**The Freescale board, in accordance with the Companies Act, has unanimously approved the merger agreement and determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Freescale and its shareholders and that the right to receive the merger consideration of \$6.25 per Freescale common share in cash plus 0.3521 of an NXP ordinary share constitutes fair value for each Freescale common share.** See the section entitled **The Merger Recommendation of the Freescale Board and Reasons for the Merger.**

In considering the recommendations of the Freescale board with respect to the merger agreement and the transactions contemplated by the merger agreement, including the merger on the terms set forth in the merger agreement, Freescale shareholders should be aware that Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. See the section entitled **The Merger Interests of Certain Freescale Persons in the Merger Compensation Related to the Merger.**

This joint proxy statement/prospectus contains important information regarding these proposals and factors that Freescale shareholders should consider when deciding how to cast their votes. Freescale shareholders are encouraged to read the entire document carefully, including the annexes to and documents incorporated by reference into this document, for more detailed information regarding the merger agreement and the transactions contemplated by the merger agreement, including the merger.

**Attendance at the Freescale Special Meeting**

Only Freescale shareholders of record as of the Freescale record date, Freescale beneficial owners as of the Freescale record date, holders of valid proxies for the Freescale special meeting and invited guests of Freescale may attend the Freescale special meeting.

All attendees must be prepared to present government-issued photo identification (such as a driver's license or passport) for admittance. The additional items, if any, that attendees must bring depend on whether they are Freescale shareholders of record, Freescale beneficial owners or Freescale proxy holders.

A Freescale shareholder who holds Freescale common shares directly registered in such shareholder's name with Freescale's transfer agent, Computershare Trust Company, N.A., which we refer to in this proxy statement/prospectus as a Freescale shareholder of record, who wishes to attend the Freescale special meeting in person must bring government-issued photo identification.

A shareholder who holds Freescale common shares in street name through a broker, bank, trustee or other nominee, which we refer to in this proxy statement/prospectus as a Freescale beneficial owner, who wishes to attend the Freescale special meeting in person must bring:

government-issued photo identification; and

proof of beneficial ownership as of the Freescale record date (e.g., a letter from the broker, bank, trustee or other nominee that is the record owner of such Freescale beneficial owner's Freescale common shares, a brokerage account statement or the voting instruction form provided by the broker).

A person who holds a validly executed proxy entitling such person to vote on behalf of a Freescale shareholder of record, which we refer to in this proxy statement/prospectus as a Freescale proxy holder, who wishes to attend the Freescale special meeting in person must bring:

government-issued photo identification;

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the validly executed proxy naming such person as the Freescale proxy holder, signed by the Freescale shareholder of record; and

proof of the signing shareholder's record ownership as of the record date.

No cameras, recording equipment or other electronic devices will be allowed in the meeting room. Failure to provide the requested documents at the door or failure to comply with the procedures for the Freescale special meeting may prevent Freescale shareholders from being admitted to the Freescale special meeting.

Freescale is able to provide reasonable assistance to help persons with disabilities participate in the Freescale special meeting if Freescale is notified in advance of requested accommodations. Please write to Freescale's principal executive offices at 6501 William Cannon Drive West, Austin, Texas 78735, Attention: Secretary.

### **Record Date**

The record date for the determination of Freescale shareholders entitled to notice of and to vote at the Freescale special meeting is [DATE], 2015. Since there are no Freescale preference shares issued and outstanding on [DATE], 2015, only Freescale shareholders who held Freescale common shares of record at the close of business on the Freescale record date are entitled to vote at the Freescale special meeting and any adjournment or postponement of the Freescale special meeting, as long as such Freescale common shares remain outstanding on the date of the Freescale special meeting.

### **Issued and Outstanding Freescale Common Shares**

As of [DATE], 2015, there were [ ] Freescale common shares issued and outstanding, held by [ ] holders of record. Each Freescale common share entitles its holder of record to one vote at the Freescale special meeting on each of the proposals. Freescale common shares are the only class of shares entitled to vote, and holders of Freescale common shares are entitled to vote on each proposal presented at the Freescale special meeting. No holder of Freescale common shares is entitled to vote at the Freescale special meeting unless such holder has paid all the calls on all Freescale common shares held by such holder.

A complete list of registered Freescale shareholders entitled to vote at the Freescale special meeting will be available for inspection at the registered office of Freescale at 2 Church Street, Hamilton, HM 11 Bermuda during regular business hours and at the place of the Freescale special meeting during the meeting.

### **Freescale's Directors and Executive Officers and Ownership and Voting of Freescale Common Shares**

As of [DATE], 2015, Freescale directors and executive officers, as a group, owned and were entitled to vote [ ] Freescale common shares, or approximately [ ]% of the outstanding Freescale common shares. Freescale currently expects that these directors and executive officers will vote their Freescale common shares in favor of all of the above proposals, although none of them has entered into any agreement obligating them to do so.

In connection with entering into the merger agreement, NXP entered into a support agreement with the sponsor shareholder and the sponsors, pursuant to which the sponsor shareholder has agreed, subject to certain conditions, to vote all the Freescale common shares owned by it in favor of the Freescale merger proposal. See the section entitled "The Support Agreement." As of [DATE], 2015, the sponsor shareholder owned [ ] Freescale common shares representing approximately [ ]% of the total issued and outstanding Freescale common shares.

### **Quorum**

In order for business to be conducted at the Freescale special meeting, a quorum must be present. A quorum requires the presence of one or more persons present in person at the start of the Freescale special meeting and

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representing, in person or by proxy, in excess of 50% of the total issued and outstanding Freescale common shares entitled to vote at the Freescale special meeting. For purposes of determining whether there is a quorum, all Freescale common shares that are present, including abstentions, will count towards the quorum. There will not be any broker non-votes at the Freescale special meeting.

### **Vote Required**

The votes required for each proposal are as follows:

***Proposal 1 the Freescale merger proposal.*** The affirmative vote, in person or by proxy, of holders of a majority of the issued and outstanding Freescale common shares entitled to vote on Proposal 1, voting as a single class, is required to approve the Freescale merger proposal. The required vote on Proposal 1 is based on the number of issued and outstanding Freescale common shares not the number of Freescale common shares actually voted. The failure of any Freescale shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) and any abstention from voting by a Freescale shareholder will have the same effect as a vote against Proposal 1.

***Proposal 2 the Freescale compensation proposal.*** The affirmative vote of holders of a majority of the issued and outstanding Freescale common shares present, in person or by proxy, and entitled to vote on Proposal 2 at the Freescale special meeting, voting as a single class, is required to approve the Freescale compensation proposal. The required vote on Proposal 2 is based on the number of Freescale common shares present not the number of issued and outstanding Freescale common shares. Abstentions from voting by an Freescale shareholder will have no effect on the outcome on Proposal 2. The failure of any Freescale shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 2. While the Freescale board intends to consider the vote resulting from this proposal, the vote is advisory only and therefore not binding on Freescale or the combined company, and, if the merger with NXP is approved by Freescale shareholders and completed, the compensation will be payable even if Proposal 2 is not approved.

***Proposal 3 the Freescale adjournment proposal.*** The affirmative vote of holders of a majority of the issued and outstanding Freescale common shares present, in person or by proxy, and entitled to vote on Proposal 3 at the Freescale special meeting, voting as a single class, is required to approve the Freescale adjournment proposal. The required vote on Proposal 3 is based on the number of Freescale common shares present not the number of issued and outstanding Freescale common shares. Abstentions from voting by a Freescale shareholder will have no effect on the outcome on Proposal 3. The failure of any Freescale shareholder to submit a vote (i.e., not submitting a proxy and not voting in person) will have no effect on the outcome of Proposal 3.

There can be no broker non-votes at the Freescale special meeting, so failure to provide instructions to a broker or other nominee on how to vote will result in such Freescale common shares not being counted as present at the meeting. A broker non-vote occurs when the broker or other nominee has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal but does have discretionary voting power on one or more other proposals. The only proposals to be voted on at the Freescale special meeting are non-routine under applicable rules and regulation and so any broker or other nominee may not vote on these matters without instructions from the Freescale beneficial owner.

### **How To Vote**

Freescale shareholders as of the Freescale record date may have their Freescale common shares voted by submitting a proxy or may vote in person at the Freescale special meeting by following the instructions provided on the enclosed proxy card. Freescale recommends that Freescale shareholders entitled to vote submit a proxy even if they plan to attend the Freescale special meeting.

Freescale shareholders who hold their Freescale common shares beneficially in street name and wish to submit a proxy must provide instructions to the broker, bank, trustee or other nominee that holds their Freescale



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common shares of record as to how to vote their Freescale common shares with respect to Proposals 1, 2 and 3. Freescale shareholders who hold their Freescale common shares beneficially and wish to vote in person at the Freescale special meeting must obtain proxies issued in their own names (known as a legal proxy).

Freescale shareholders of record may submit a proxy in one of three ways or vote in person at the Freescale special meeting:

**Internet:** Freescale shareholders may submit their proxy over the Internet at the web address shown on their proxy card. Internet voting is available 24 hours a day and will be accessible until 11:59 p.m., Eastern time on the day before the Freescale special meeting. Shareholders will be given an opportunity to confirm that their voting instructions have been properly recorded. Freescale shareholders who submit a proxy this way should NOT send in their proxy card.

**Telephone:** Freescale shareholders may submit their proxy by calling the toll-free telephone number shown on their proxy card. Telephone voting is available 24 hours a day and will be accessible until 11:59 p.m., Eastern time on the day before the Freescale special meeting. Easy-to-follow voice prompts will guide shareholders through the voting and allow them to confirm that their instructions have been properly recorded. Freescale shareholders who submit a proxy this way should NOT send in their proxy card.

**Mail:** Freescale shareholders may submit their proxy by properly completing, signing, dating and mailing their proxy card in the postage-paid envelope (if mailed in the United States) included with this joint proxy statement/prospectus. Freescale shareholders who vote this way should mail the proxy card early enough so that it is received before the date of the Freescale special meeting.

**In Person:** Freescale shareholders may vote in person at the Freescale special meeting or by sending a representative with an acceptable proxy that has been signed and dated. Attendance at the Freescale special meeting will not, however, in and of itself constitute a vote or a revocation of a prior proxy.

Freescale shareholders are encouraged to submit a proxy promptly. Each valid proxy received in time will be voted at the Freescale special meeting according to the choice specified, if any. The decision of the chairman of the Freescale special meeting as to the validity of any appointment of a proxy will be final. Executed but uninstructed proxies (i.e., proxies that are properly signed, dated and returned but are not marked to tell the proxies how to vote) will be voted in accordance with the recommendations of the Freescale board.

## **Proxies and Revocation**

Freescale shareholders of record may revoke their proxies at any time before their Freescale common shares are voted at the Freescale special meeting in any of the following ways:

by sending a written notice of revocation to Freescale at 6501 William Cannon Drive West, Austin, Texas 78735, Attention: Secretary, which must be received before their Freescale common shares are voted at the Freescale special meeting;

by properly submitting a later-dated, new proxy card, which must be received before their Freescale common shares are voted at the Freescale special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked);

by submitting a proxy via Internet or by telephone no later than 11:59 p.m. Eastern Time on the day before the Freescale special meeting (in which case only the later-dated proxy is counted and the earlier proxy is revoked); or

attending the Freescale special meeting and voting in person. Attendance at the Freescale special meeting will not, however, in and of itself, constitute a vote or revocation of a prior proxy.

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If you hold your Freescale common shares in street name, then you must change your voting instruction by submitting new voting instructions to the broker, bank or other nominee that holds your Freescale common shares.

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### **Solicitation of Proxies**

The Freescale Board is soliciting your proxy and Freescale will bear the costs of the proxy solicitation related to the Freescale special meeting. In addition to sending and making available these materials, some of Freescale's directors, officers and other employees may solicit proxies by contacting Freescale shareholders by telephone, by mail, by e-mail or in person. Freescale shareholders may also be solicited by press releases issued by Freescale and/or NXP, postings on Freescale's or NXP's websites and advertisements in periodicals. None of Freescale's directors, officers or employees will receive any extra compensation for their solicitation services. Freescale has also retained [ ] to assist in the solicitation of proxies for an estimated fee of approximately \$[ ], plus reasonable out-of-pocket expenses. Freescale will also reimburse brokers, banks and other nominees for their expenses in sending proxy solicitation materials to the Freescale beneficial owners and obtaining their proxies.

### **Adjournments**

The Freescale special meeting will be deemed cancelled and adjourned in the absence of a quorum until the same day one week later, at the same time and place, or such other day, time and place as the Secretary of Freescale may determine.

Even if a quorum is present, the Freescale special meeting could also be adjourned in order to provide more time to solicit additional proxies in favor of approval of the Freescale merger proposal if sufficient votes are cast in favor of Proposal 3.

If the date of the adjournment is not specified (or is other than the same day one week later at the same time and place as the original Freescale special meeting) or if after the adjournment a new record date is set for the adjourned meeting, a notice of the adjourned meeting must be given to each shareholder of record entitled to attend and vote at the Freescale special meeting.

### **Questions and Additional Information**

Freescale shareholders may contact Freescale's proxy solicitor, [ ], with any questions about the proposals or how to vote or to request additional copies of any materials at [ ]. Shareholders may call toll-free at [ ], and banks and brokers may call collect at [ ].

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### **THE MERGER**

#### **Effects of the Merger**

Upon the terms and subject to the conditions of the merger agreement and in accordance with the applicable provisions of the Companies Act, at the effective time, Merger Sub will merge with and into Freescale, the separate corporate existence of Merger Sub will cease and Freescale will continue as the surviving company and as a wholly-owned, indirect subsidiary of NXP.

At the effective time, each Freescale common share issued and outstanding immediately prior to the effective time (excluding any shares held by Freescale in treasury or by NXP, Merger Sub or any other direct or indirect wholly-owned subsidiary of NXP, which shares will be cancelled and no consideration will be delivered with respect to such shares) will be converted into one surviving company share and each of the resulting surviving company shares will be automatically exchanged for the right to receive (i) 0.3521 of an NXP ordinary share and (ii) \$6.25 in cash, without interest.

#### **Background of the Merger**

From time to time, the Freescale board and Freescale's management team have considered various strategic opportunities intended to enhance shareholder value, including informally engaging in preliminary discussions and exchanging information under confidentiality agreements with other parties regarding potential strategic alternatives such as business transactions and business combinations.

These activities included discussions from time to time over the past several years between Freescale and NXP about the companies' businesses and the potential for a business combination. Freescale's chief executive officer, Gregg Lowe, and NXP's chief executive officer, Richard Clemmer, continued these conversations from time to time over the past year. When Mr. Lowe and Mr. Clemmer attended an industry conference in November 2014, they made plans to meet in Austin, Texas on December 19, 2014.

In early July 2014, the chief executive officer of a public strategic acquiror referred to herein as Company A contacted Mr. Lowe to discuss Company A's possible interest in a transaction with Freescale. Mr. Lowe reported the discussion to the other members of the Freescale board. After preliminary discussions, Company A did not make a proposal for a transaction with Freescale and the discussions ceased.

In mid-July 2014, the financial advisor of a public strategic acquiror referred to herein as Company B contacted a Freescale director to discuss Company B's interest in a possible acquisition of Freescale, and a conversation about the companies' businesses and the prospect of a business combination ensued. The director reported the conversation to Mr. Lowe and the other members of the Freescale board, and Mr. Lowe was authorized to engage in discussions with Company B to explore the opportunity.

In early September 2014, the chief executive officer of Company B contacted Mr. Lowe to continue the discussions that had started in mid-July. Company B and Freescale executed a confidentiality agreement on September 26, 2014 for the purpose of furthering these discussions, and representatives of the management teams of Company B and Freescale participated in initial due diligence meetings on September 30, 2014 in Santa Clara, California.

On September 22, 2014, the finance committee of the Freescale board, which is composed of five members of the Freescale board and from time to time reviews and evaluates material Freescale transactions, met to discuss Freescale's strategic options, including a potential sale of the company to a third party acquiror. Representatives of Morgan Stanley presented preliminary financial analyses of potential business combinations between Freescale and several public strategic acquirors, including Company A, Company B and NXP.

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On October 2, 2014, Company B verbally expressed an interest in acquiring Freescale at a price representing a 25% premium to Freescale's then current share price, and consisting of a combination of one-half of the consideration in cash and the other half of the consideration in Company B stock. On this date, the closing price of Freescale common shares was \$18.84 per share.

On October 9, 2014, the finance committee of the Freescale board met to discuss the verbal expression of interest from Company B. Representatives of Morgan Stanley provided a preliminary analysis of valuation matters and discussed third parties that potentially could be interested in an acquisition of Freescale, including Company A, Company B and NXP.

On November 5, 2014, a director of Freescale met with Mr. Clemmer to discuss the companies' businesses and the prospect of a business combination. Following the meeting, the director reported the conversation to Mr. Lowe and the other members of the Freescale board, including that NXP potentially was interested in a business combination with Freescale, and this was noted as a topic for an upcoming Freescale board meeting.

Representatives of the management teams of Company B and Freescale participated in additional due diligence meetings on November 17, 2014 in Austin, Texas. Following these meetings, on November 26, 2014, Freescale received a non-binding indication of interest and a draft exclusivity agreement from Company B, proposing to acquire Freescale for \$25.00 per share, with two-thirds of the aggregate consideration payable in cash and one-third of the aggregate consideration payable in Company B stock based on a fixed exchange ratio. On this date, the closing price of Freescale common shares was \$21.80 per share.

On December 3, 2014, the Freescale board met to discuss Company B's indication of interest and authorized the engagement of Morgan Stanley as financial advisor and Skadden, Arps, Slate, Meagher & Flom LLP, which we refer to in this joint proxy statement/prospectus as Skadden Arps, as legal counsel to assist Freescale with an evaluation of a potential transaction with Company B. The Freescale board also discussed NXP's potential interest in a transaction and authorized members of Freescale's management team to engage in discussions with NXP. Representatives of Skadden Arps provided an overview of the Freescale board's fiduciary duties in connection with consideration of a potential sale of Freescale. Representatives of Morgan Stanley provided a preliminary analysis of valuation matters and discussed third parties that potentially could be interested in an acquisition of Freescale. Following the Freescale board meeting, at the direction of the Freescale board, representatives of Morgan Stanley contacted Company B to convey Freescale's preliminary expectations regarding the financial terms of an acquisition of Freescale by Company B.

On December 12, 2014, the Freescale board met to further discuss Company B's indication of interest and potential responses to the indication of interest. Following this meeting, and at the direction of the Freescale board, on December 14, 2014, representatives of Morgan Stanley contacted Company B's financial advisor to indicate that Freescale would be interested in continuing discussions regarding a potential business combination in the event that Company B were to improve its proposal with an increased price of \$28.00 per share, consisting of a combination of 50% cash consideration and 50% stock consideration, with no exclusivity. On December 18, 2014, Freescale received a revised non-binding indication of interest from Company B, proposing to acquire Freescale for \$26.00 per share, with 50% of the aggregate consideration payable in cash and 50% of the aggregate consideration payable in Company B stock based on a fixed exchange ratio. On this date, the closing price of Freescale common shares was \$24.49 per share. The revised indication of interest contained a lock-up proposal whereby one-third of the stock consideration payable to certain Freescale shareholders would be subject to restrictions on transfer until three months after closing, another one-third would be subject to such restrictions until six months after closing, and the final one-third would be subject to such restrictions until nine months after closing.

On December 19, 2014, representatives of Freescale's management team met with representatives of NXP's management team in Austin, Texas to discuss the companies' performance, strategic fit and potential synergies under conditions of confidentiality based upon a confidentiality agreement that the parties had entered into on August 14, 2013 for the purpose of evaluating potential synergies between the companies.

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On December 20, 2014, the finance committee of the Freescale board met to discuss the revised indication of interest from Company B and the status of discussions with NXP. The finance committee authorized Freescale's management team to continue negotiations with Company B and to enter into a new confidentiality agreement with NXP reflecting the present context. On December 22, 2014, Freescale and NXP entered into a new confidentiality agreement for the purpose of furthering the parties' consideration of a business combination.

On December 23, 2014, representatives of Freescale's management team met with representatives of NXP's management team in San Jose, California to further discuss the companies' strategic fit and potential synergies.

On December 29, 2014, at a meeting of the NXP board, Mr. Clemmer informed the NXP board of Freescale's interest in exploring a possible business combination with NXP. After discussion, the NXP board concluded that it supported further due diligence of a possible combination of NXP and Freescale, including an evaluation of potential revenue and cost synergies. The NXP board also authorized engaging a financial advisor to assist NXP in connection with a possible business combination.

On the same day, at a meeting of the Freescale board, the potential transactions with Company B and NXP were evaluated further. In particular, the Freescale board reviewed potential antitrust issues with respect to a business combination with NXP. Based on input from its advisors, the Freescale board determined that antitrust authorities could potentially require a divestiture of the power radio frequency (RF) business as part of obtaining necessary regulatory approvals of a transaction with NXP. The Freescale board also discussed contacting other parties besides Company B and NXP that might be interested in a business combination with Freescale and planned to contact those parties in January. Later that day, Mr. Clemmer contacted Mr. Lowe to propose a business combination between the two companies. Without proposing a specific price, Mr. Clemmer proposed a merger of equals transaction at a price that would reflect a nominal premium to Freescale's then current share price. Mr. Clemmer expressed that NXP would be interested in commencing detailed financial and business due diligence. On this date, the closing price of Freescale common shares was \$25.52 per share. In the first week of January, representatives of Freescale's management team met with representatives of NXP's management team to discuss the areas of diligence that NXP had identified.

In early January 2015, NXP engaged Credit Suisse as financial advisor and Simpson Thacher & Bartlett LLP, which we refer to in this joint proxy statement/prospectus as Simpson Thacher, and De Brauw Blackstone Westbroek N.V., which we refer to in this joint proxy statement/prospectus as De Brauw, as legal advisors in connection with an evaluation of a potential transaction with Freescale.

On January 5 and January 6, 2015, the management teams of Freescale and NXP and their respective financial advisors met to discuss potential synergies in further detail. Both companies concluded as a result of the meeting that the cost synergies could amount to \$200 million in the first full year after closing a transaction, with a path to \$500 million of annual cost synergies.

On January 6, 2015, the Freescale management team had a conference call with Company B to preview Freescale's anticipated earnings for the first quarter of 2015.

On January 8, 2015, Company B delivered a further revised non-binding indication of interest to Freescale, proposing to increase its purchase price per share to \$27.00, with the other aspects of its prior proposal remaining the same, except that the proposal was conditioned on a commitment to announcing a transaction by no later than February 25, 2015. On this date, the closing price of Freescale common shares was \$26.54 per share. On the following day, at the direction of the Freescale board while Freescale considered its other alternatives, representatives of Morgan Stanley contacted representatives of Company B seeking to increase Company B's proposed price.

On January 10, 2015, the Freescale board met to discuss the potential transactions with Company B and NXP as well as Company B's further revised indication of interest. Following the meeting, the Freescale board

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authorized Morgan Stanley to contact Company B to arrange additional due diligence sessions and to grant Company B access to a data room established by Freescale. On January 12, 2015, Freescale granted Company B access to the data room, and during the weeks of January 12 and January 19, 2015, representatives of Freescale and Company B participated in business and legal due diligence calls and meetings. During this time, at the direction of the Freescale board, Morgan Stanley and Mr. Lowe contacted other public strategic acquirors that Morgan Stanley, together with the Freescale board, had identified as potential candidates for a transaction, referred to herein as Company C, Company D and Company E, to inquire whether any of such parties would be interested in an acquisition of Freescale. Morgan Stanley also contacted Company A for this purpose. On January 23, 2015, in response to the initial inquiry, Company E expressed that it had no interest in a transaction at that time. The other third parties expressed interest in learning more about the opportunity.

On January 15, 2015, the NXP management team updated the NXP board on the potential transaction with Freescale. On January 21, 2015, the NXP board met to discuss various aspects of the potential transaction with Freescale, including transaction opportunities and risks, the time commitment that would be required of management and relative ownership scenarios for NXP shareholders and Freescale shareholders in the combined company. This meeting was attended by Credit Suisse which discussed with the NXP board certain preliminary financial aspects of a potential transaction. Following such discussion, the NXP board authorized the submission of a non-binding indication of interest to Freescale and for management to discuss with Freescale and its representatives.

On January 22, 2015, NXP delivered to Freescale a non-binding indication of interest, proposing to acquire all Freescale common shares in an all-stock transaction at a fixed exchange ratio. NXP proposed that the exchange ratio would reflect a 6% premium to the trailing 10-trading day average exchange ratio of Freescale common shares and NXP ordinary shares, calculated based on the closing prices of Freescale common shares and NXP ordinary shares ending three trading days prior to the signing of definitive transaction agreements, except that the exchange ratio would not be less than 0.334x or exceed 0.366x. NXP also proposed that Freescale would have representation on the combined company's board proportionate to Freescale shareholders' combined company ownership, subject to NXP maintaining its status as a foreign private issuer. On this date, the closing price of Freescale common shares was \$26.01 per share and the closing price of NXP ordinary shares was \$79.06 per share.

At a meeting of the Freescale board on January 26, 2015, members of Freescale's management team updated the Freescale board regarding the status of Company B's due diligence review of Freescale and reviewed the terms of NXP's indication of interest. Representatives of Morgan Stanley reported that, in a conversation following NXP's delivery of its indication of interest, Mr. Clemmer verbally indicated a willingness to modify the terms of its proposal to offer part cash consideration in order to provide additional transaction price certainty and downside protection for Freescale shareholders. At the meeting, representatives of Morgan Stanley also updated the Freescale board regarding the status of other third party interest in Freescale.

On the same day, Freescale granted NXP access to Freescale's data room.

On January 27, 2015, Freescale issued its earnings release for the 2014 fourth quarter. On January 28, 2015, the first full day of trading following the release of Freescale's 2014 fourth quarter earnings, the closing price of Freescale common shares was \$31.16 per share.

On January 28, 2015, each of Company C and Company D entered into a confidentiality agreement with Freescale for the purpose of furthering transaction discussions.

On January 29, 2015, Morgan Stanley and Freescale executed an engagement letter, indemnification letter and confidentiality agreement with respect to Freescale's consideration of a sale transaction.

On January 30, 2015, Company A entered into a confidentiality agreement with Freescale for the purpose of furthering transaction discussions. None of the confidentiality agreements that Freescale entered into with Company A, Company B, Company C, Company D or NXP had standstill provisions.

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In early February 2015, Freescale conducted management presentations for Company A, Company C and Company D.

On February 3, 2015, members of Freescale's management team, representatives of Morgan Stanley and representatives of the sponsor shareholder met with members of NXP's management team, with representatives of Credit Suisse in attendance, to perform a due diligence review of NXP.

On the same day, Freescale provided an initial draft of the merger agreement to NXP and its counsel. Among other things, the merger agreement contemplated part cash and part stock consideration, as well as terms favorable to Freescale in respect of allocating risks associated with obtaining regulatory approvals given the companies' competitive overlap in the RF business.

On February 4, 2015, Company A expressed that it had no interest in further considering a transaction due to insufficient strategic fit between the companies.

At a meeting of the Freescale board on February 4, 2015, Freescale's management team and Morgan Stanley updated the Freescale board regarding the ongoing discussions with NXP, Company C and Company D. Morgan Stanley also reported to the Freescale board that Company B had indicated it planned to complete its due diligence over the next few weeks. The Freescale board also discussed potential alternative transactions in the event that an acquisition of the company did not materialize, including the possibility of an acquisition by Freescale of another company in the industry and the possibility of a primary or secondary offering of Freescale's equity interests.

On February 7, 2015, Freescale and NXP executed a written joint defense agreement in anticipation of sharing information related to the companies' RF businesses to identify areas of overlap. On February 13, 2015, Freescale and NXP executed a "clean team" agreement identifying the personnel who would be permitted to review competitively sensitive information of the parties.

In the evening of February 12, 2015, an article appeared in the New York Post speculating that Freescale was in discussions regarding a possible sale. On this date, the closing price of Freescale common shares was \$34.70 per share. On the following day after the article appeared, the closing price of Freescale common shares was \$37.53 per share.

On February 13, 2015, the NXP board met to discuss the transaction and continued to be supportive of a potential business combination between NXP and Freescale. Following that meeting, NXP delivered to Freescale a revised draft of the merger agreement, and an initial draft of the support agreement. The principal issues raised in the revised draft merger agreement included the parties' termination rights and related fees payable upon termination of the merger agreement, required efforts of NXP to obtain regulatory approvals for the merger, and provisions relating to NXP's financing.

On February 17, 2015, a "clean room" was opened in the Freescale data room made available to NXP for the purpose of facilitating an assessment of the potential regulatory issues involved in a transaction between the parties.

On February 17, 2015 and February 18, 2015, members of Freescale's management team had separate diligence meetings with members of the management teams of Company C and Company D.

On February 19, 2015, the Freescale board held a meeting to review developments involving Freescale's discussions with NXP, Company C and Company D. Freescale management noted that discussions with Company B had ceased following Freescale's earnings call for the fourth quarter of the 2014 fiscal year. The Freescale board directed Freescale's management and representatives of Skadden Arps to prepare a revised draft merger agreement and draft disclosure schedules that could be delivered to NXP following an NXP board meeting on February 24, 2015, in anticipation that NXP would be in a position following such meeting to present an updated indication of interest representing NXP's best proposal.



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On February 20, 2015, Company D expressed that it had no interest in further considering a transaction at that time, as it was not prepared to proceed with a significant transaction in a timeframe that would likely be acceptable to Freescale.

On February 24, 2015, Company B contacted Morgan Stanley to request that Company B's access to the Freescale data room be terminated because Company B was no longer interested in considering a transaction with Freescale.

On February 24, 2015, the NXP board met and discussed the proposed transaction with Freescale, including the merger consideration to be offered and the potential benefits and risks of the merger for NXP and its stakeholders. The NXP management team made a presentation to the NXP board regarding the business, financial, tax, legal (including with respect to antitrust issues) and other aspects of the proposed transaction, the outcome of management's due diligence review of Freescale and the principal terms of the merger agreement and other transaction documentation. Credit Suisse discussed with the NXP board certain preliminary financial aspects of the proposed transaction. De Brauw, Dutch legal counsel to NXP, discussed with the directors their fiduciary duties to NXP and its stakeholders in considering the transaction and that, when considering the transaction, the directors should weigh the interest of NXP's shareholders, employees and creditors, as well as suppliers and long-term customers that depend on NXP.

The NXP board then unanimously resolved that the merger agreement and the merger were advisable, fair to and in the best interests of NXP and its stakeholders, approved submitting a revised non-binding indication of interest to Freescale, and formed and authorized a special committee of members of the NXP board for the purpose of approving the final terms of the transaction and related documentation, subject to satisfactory resolution of outstanding items, including satisfactory negotiation of then outstanding material transaction terms and receipt by the NXP board of a favorable opinion from Credit Suisse regarding the fairness, from a financial point of view, to NXP of the consideration to be paid by NXP pursuant to the merger agreement.

On February 25, 2015, NXP delivered to Freescale a revised non-binding indication of interest, proposing to acquire all Freescale common shares in a cash and stock transaction consisting of a fixed exchange ratio of 0.3521 of an NXP ordinary share plus \$6.25 in cash for each outstanding Freescale common share. The proposal represented total value of \$36.50 per Freescale common share (based on the closing price of NXP ordinary shares of \$85.91 on February 24, 2015), which represented a 10% premium over the 10-day average Freescale common share trading price prior to the article in the New York Post speculating about Freescale sale discussions, and a 36% premium to Freescale common share's closing price prior to NXP's previous letter. On this date, the closing price of Freescale common shares was \$36.29 per share and the closing price of NXP ordinary shares was \$84.90 per share.

On the same day, the Freescale board convened a meeting to review NXP's revised indication of interest and the status of Company C's interest in a transaction with Freescale. Representatives of Morgan Stanley noted, based upon its conversations with representatives of NXP, that NXP was prepared to proceed quickly, with a proposed transaction announcement around March 2, 2015. The Freescale board directed management and representatives of Skadden Arps to deliver to NXP the revised merger agreement and draft disclosure schedules they had prepared and to commence negotiations. Regarding the status of Company C's interest in a transaction with Freescale, representatives of Morgan Stanley noted that Company C was scheduled to hold an internal meeting on February 27, 2015 to determine whether or not to proceed with a transaction.

In the evening of February 25, 2015, Skadden Arps delivered to Simpson Thacher a revised draft merger agreement and support agreement, as well as an initial draft of Freescale's disclosure schedules.

On February 26, 2015, representatives of Freescale, NXP and their respective advisors convened a conference call to negotiate the key issues remaining in the transaction documents. On the same day, NXP delivered a draft of the debt commitment letter it intended to enter into with CS to refinance Freescale's existing debt and to finance a portion of the cash portion of the merger consideration. Between February 26, 2015 and

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March 1, 2015, representatives of Simpson Thacher and Davis Polk & Wardwell LLP, counsel to CS in connection with the proposed financing, negotiated and finalized the terms of the debt commitment letter.

On February 27, 2015, Simpson Thacher delivered to Skadden Arps a further revised draft merger agreement and support agreement. Between February 27, 2015 and March 1, 2015, the parties continued to exchange drafts of these and the other agreements contemplated by the merger agreement, referred to herein as the transaction documents, as well as the disclosure schedules of both parties, and, in meetings in New York City attended by representatives of Freescale and NXP and their respective advisors, negotiated resolutions to the remaining open issues in the transaction. The principal remaining issues were related to deal certainty and Freescale's remedies in the event of a failure to obtain regulatory approvals.

On February 28, 2015, Company C expressed that it had no interest in further considering a transaction due to insufficient strategic fit between the companies.

On March 1, 2015, the special committee of the NXP board held a meeting, also attended by a majority of the other members of the NXP board. Representatives of NXP management updated the special committee and the other NXP board members in attendance on the outcome of the negotiations with Freescale. Also at this meeting, Credit Suisse reviewed with the special committee of the NXP board its financial analysis of the merger consideration and rendered an oral opinion, confirmed by delivery of a written opinion dated March 1, 2015 to the NXP board, to the effect that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered and limitations on the review undertaken, the merger consideration to be paid by NXP pursuant to the merger agreement was fair, from a financial point of view, to NXP. The special committee, as authorized by the NXP board, approved the transaction and the execution of the merger agreement and other transaction documents and performance of the obligations and actions and the carrying out of the transactions contemplated thereby.

On the same day, the Freescale board held a meeting. Representatives of Morgan Stanley presented to the Freescale board its financial analyses of the consideration to be received by the holders of Freescale common shares pursuant to the terms of the merger agreement and orally rendered its opinion, which was confirmed by delivery of a written opinion dated March 1, 2015, to the effect that, as of that date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of Freescale common shares pursuant to the merger agreement was fair from a financial point of view to the holders of Freescale common shares. Representatives of Skadden Arps then provided an overview of the Freescale board's fiduciary duties in the context of considering the proposed transaction and a summary of the proposed final terms of the merger agreement, support agreement and the other transaction documents, highlighting (i) the ability of the Freescale board to change its recommendation but not terminate the merger agreement in the event of a superior proposal, (ii) the release of a portion of Freescale common shares from the voting obligations under the support agreement in such a scenario, and (iii) Freescale's rights and remedies under the merger agreement in the event of a failure to obtain regulatory approvals. After discussion, the Freescale board, having determined that the terms of the transaction documents and the transactions contemplated thereby were advisable, fair to and in the best interests of Freescale and its shareholders, unanimously approved and declared advisable the transaction documents and the transactions contemplated thereby, including the merger.

Following the meeting, Freescale, NXP and Merger Sub executed and delivered the transaction documents in the evening of March 1, 2015 (New York City time). NXP B.V. also delivered executed copies of the debt commitment letter on the same day. NXP and Freescale issued a joint press release announcing the execution of the transaction documents in the evening of March 1, 2015 (New York City time), before the opening of European and U.S. markets on March 2, 2015.

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### **Recommendation of the NXP Board and Reasons for the Merger**

By a vote at a meeting of the NXP board held on February 24, 2015 and by a subsequent vote at a meeting of a special committee of the NXP board held on March 1, 2015, the NXP board and the special committee unanimously determined that the merger agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of NXP and its shareholders and approved the merger and the other transactions contemplated by the merger agreement. **The NXP board recommends that NXP shareholders vote FOR each of the NXP merger proposal, the NXP share issuance proposal, the NXP option issuance proposal and the NXP director election proposals at the NXP special meeting.**

In evaluating the proposed merger, the NXP board consulted with NXP's management and legal and financial advisors and, in reaching its determination and recommendation, the NXP board considered a number of factors. The NXP board also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the merger agreement.

Many of the factors considered favored the conclusion of the NXP board that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of NXP and its shareholders, including the following (not in any relative order of importance):

the highly complementary product portfolios and end-market exposure of the businesses of NXP and Freescale and the expectation that the combined company will be able to offer more innovative and complete solutions to its customers by leveraging NXP's security capability and Freescale's broad based microcontroller offering;

that the combination of Freescale's leadership in general purpose microcontroller products, NXP's leadership in security capabilities and NXP's existing product footprint presents a unique opportunity for the combined company to emerge as the leader in next generation secure connected cars;

the expectation of NXP's management that automotive original equipment manufacturers and tier one customers will recognize that the merger will reinforce both NXP's and Freescale's long-term commitment to serving them with leading automotive industry standards in quality, supply chain and innovation;

continuing consolidation of the semiconductor industry and its general trend towards solutions encompassing security, connectivity and processing;

the expectation based on estimates by NXP's management prior to the execution of the merger agreement that NXP will achieve cost savings of \$200 million in the first full year after completion of the merger, with a potential \$500 million of annual cost synergies;

the expectation based on estimates by NXP's management prior to the execution of the merger agreement that the merger will be accretive to NXP's non-GAAP earnings and non-GAAP free cash flow in the first full year after completion of the merger;

the expectation of the NXP board, following consultation with management, that the combined company would be able to execute and deliver on its business plans throughout the business cycle and in a semiconductor industry that is highly competitive, cyclical and subject to constant and rapid technological change;

the opportunity to further expand the combined company's global market reach and customer base and expand into other business areas of strategic importance;

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the opportunity to combine the global talents of both companies and for the combined company to access Freescale's broad intellectual property portfolio and other resources after the completion of the merger;

the expectation that the larger scale organization, greater marketing resources and financial strength of the combined company will lead to improved opportunities for marketing and cross selling the combined company's products;

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the expected generation of strong operating cash flow, which is anticipated to permit the combined company to deleverage to a two times leverage ratio within six quarters after completion of the merger;

the expectation of the NXP board, following consultation with its legal advisors, that applicable competition authorities will approve the merger with the planned divestiture of the RF Power business;

the fact that, based on the NXP ordinary shares then outstanding, NXP shareholders would own shares of the combined company representing approximately 68% of the combined company's outstanding shares immediately following completion of the merger;

information and discussions with NXP's management and advisors regarding Freescale's business, assets, financial condition, results of operations, reputation, current business strategy and prospects, including the projected long-term financial results of Freescale as a standalone company, the size and scale of the combined company and the expected pro forma effect of the proposed merger on the combined company;

the opinion, dated March 1, 2015, of Credit Suisse to the NXP board as to the fairness, from a financial point of view and as of the date of the opinion, to NXP of the merger consideration to be paid by NXP pursuant to the merger agreement, which opinion was based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Credit Suisse as more fully described below in the section entitled "Opinion of NXP's Financial Advisor";

the review by the NXP board with its advisors of the structure of the proposed merger and the financial and other terms of the merger agreement, including the parties' representations, warranties and covenants, the conditions to their respective obligations and the termination provisions, as well as the likelihood of the completion of the proposed merger and the evaluation by the NXP board of the likely time period necessary to complete the merger. The NXP board also considered the following specific aspects of the merger agreement:

the fact that the exchange ratio for Freescale common shares is fixed and will not adjust to compensate for any decrease in the trading price of NXP ordinary shares prior to the completion of the merger, which provides certainty to NXP shareholders as to their pro forma percentage ownership of the combined company;

the limited number and nature of the closing conditions included in the merger agreement, including the reciprocal exceptions to the events that would constitute a material adverse effect on either NXP or Freescale for purposes of the merger agreement, as well as the likelihood of satisfaction of all conditions to the completion of the merger;

the extensive representations and warranties made by Freescale, as well as the interim operating covenants agreed to by Freescale requiring Freescale to conduct its business in the ordinary course prior to completion of the merger, subject to specific limitations;

the requirement on the part of both NXP and Freescale to use reasonable best efforts to obtain consents, clearances or approvals by the applicable competition authorities and, with respect to NXP, taking any and all other actions and accepting any restrictions with respect to its business activities, except to the extent that such action would reasonably be likely to have a material adverse impact on any business line of NXP;

the fact that the merger agreement includes restrictions on the ability of Freescale to solicit proposals for alternative transactions or engage in discussions regarding such proposals, subject to certain exceptions and NXP's right to match any

such proposals;

the ability of NXP to terminate the merger agreement and receive a \$600 million termination fee from Freescale in the event the Freescale board changes its recommendation in favor of the approval of the merger agreement and the merger;

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NXP's right to engage in negotiations with, and provide information to, a third party relating to an alternative transaction, subject only to notifying Freescale of the receipt of any proposals relating to such alternative transactions, any decision of the NXP board as to whether to explore such transactions and any material terms of, and changes to, such proposals;

the right of the NXP board to change its recommendation in favor of the approval of the merger and the other transactions contemplated by the merger agreement, including to recommend a superior proposal, if the NXP board has determined in good faith, after consultation with its outside legal counsel, and, in connection with recommending a superior proposal, its financial advisor, that the failure to take such action would reasonably be expected to be inconsistent with its directors' fiduciary duties, subject to certain conditions (including in connection with a termination of the merger agreement by Freescale as a result of such change of recommendation by the NXP board, the payment by NXP to Freescale of a \$600 million termination fee);

the belief of the NXP board, following consultation with its advisors, and based in part upon the financing commitments that it had obtained, that it was likely that NXP would be able to obtain the necessary financing to pay a portion of the cash portion of the merger consideration and that after completing the merger, NXP would be able to repay, service or refinance any indebtedness incurred or assumed in connection with the merger and, to the extent such indebtedness remains outstanding, to comply with the financial covenants applicable to such indebtedness, after its review and discussion of various factors, including (i) the terms of Freescale's current indebtedness and (ii) the terms of the proposed financing for the merger (including fees and interest);

the belief of the NXP board, following consultation with its advisors, that the financing commitments it had obtained to pay a portion of the cash portion of the merger consideration and to refinance certain of Freescale's existing indebtedness were sufficient for such purposes and on attractive terms for NXP;

the fact that NXP's maximum liability to Freescale under the merger agreement in the event of a failure to obtain financing to complete the merger is a \$600 million termination fee;

the fact that NXP shareholders will have an opportunity to vote on the NXP merger proposal, the NXP share issuance proposal and the NXP option issuance proposal and in the event of a rejection by NXP shareholders of such proposals, NXP's maximum liability to Freescale under the merger agreement is a \$120 million termination fee to Freescale (unless it accepts or completes an alternative transaction within 12 months of termination of the merger agreement under certain circumstances, in which event NXP will pay a \$600 million termination fee to Freescale);

the fact that NXP's maximum liability to Freescale under the merger agreement in the event of a failure to obtain required consents, approvals or clearances by applicable competition authorities is a \$300 million termination fee to Freescale (unless NXP's willful and intentional breach of certain of its obligations under the merger agreement caused such failure, in which event NXP will pay an additional \$300 million to Freescale);

the fact that the sponsor shareholder, which, as of March 1, 2015, held approximately 64% of the issued and outstanding Freescale common shares, has agreed to vote in favor of the approval of the merger agreement and the completion of the merger, subject to certain exceptions; and

the fact that the sponsors have agreed to enter into shareholders agreements with NXP upon the completion of the merger which would subject the sponsors to certain transfer restrictions with respect to the NXP ordinary shares held by them after the completion of the merger (see the section entitled "The Shareholders Agreements").





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In the course of its deliberations, the NXP board also considered a variety of risks and other potentially negative factors, including the following (not in any relative order of importance):

the possibility that the merger may not be completed as a result of the failure to obtain the required approval from NXP shareholders or Freescale shareholders, the failure by NXP to obtain financing, or otherwise, or that completion may be unduly delayed for reasons beyond the control of NXP and/or Freescale, including the potential length of the regulatory review process and the risk that applicable antitrust and competition authorities may prohibit or enjoin the merger or otherwise impose unanticipated conditions on NXP and/or Freescale, in order to obtain clearance for the merger, and the effect the resulting termination of the merger agreement may have on the trading price of the NXP ordinary shares and NXP's operating results, including NXP's potential obligation to pay Freescale a termination fee of \$300 million or \$600 million, as described in the section entitled "The Merger Agreement Termination Fees";

the fact that NXP is obligated to pay Freescale a \$600 million termination fee in the event that it fails to obtain financing to complete the merger;

the fact that NXP's assumption or refinancing of Freescale's existing indebtedness (along with the incurrence of additional indebtedness to fund a portion of the cash portion of the merger consideration payable in connection with the merger) will, at least in the short term, among other things, cause NXP to suspend its share buy-back program and may reduce NXP's operational flexibility;

the possible disruption to NXP's business that may result from the merger, including the potential for diversion of management and employee attention from other strategic opportunities or operational matters and for increased employee attrition during the period prior to completion of the merger, and the potential effect of the merger on NXP's business and relations with customers and suppliers;

the adverse impact that business uncertainty pending completion of the merger could have on NXP's ability to attract, retain and motivate key personnel;

the fact that the exchange ratio for Freescale common shares is fixed and will not adjust for any increase in the trading price of NXP ordinary shares prior to completion of the merger;

the restrictions on the conduct of NXP's business prior to completion of the merger, requiring NXP to conduct its business in the ordinary course, subject to specific limitations, which could delay or prevent NXP from undertaking business opportunities or strategic transactions that may arise pending completion of the merger;

the right of the Freescale board to change its recommendation in favor of the approval of the merger agreement and the merger, including to recommend a superior proposal if the Freescale board has determined in good faith, after consultation with its outside legal counsel and, in connection with recommending a superior proposal, its financial advisor, that the failure to take such action would reasonably be expected to be inconsistent with its directors' fiduciary duties, subject to certain conditions;

the difficulty and costs inherent in integrating the businesses, assets and workforces of diverse, global companies and the risk that anticipated strategic and other benefits to NXP and Freescale following completion of the merger, including the estimated cost savings and cost synergies described above, will not be realized or will take longer to realize than expected;

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the fact that the merger agreement includes restrictions on the ability of the NXP board to change its recommendation in favor of the approval of the merger and the other transactions contemplated by the merger agreement, and to recommend a superior proposal, subject to exceptions and termination provisions (including in connection with a termination of the merger agreement by Freescale as a result of NXP's acceptance of such alternative transactions or such change of recommendation by the NXP board, the payment by NXP to Freescale of a \$600 million termination fee), which could have the effect of discouraging such proposals from being made or pursued;

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the fact that NXP's current shareholders will have a reduced ownership and voting interest in NXP after the completion of the merger and will exercise less influence over the NXP board and management and policies of NXP;

the transaction costs to be incurred in connection with the merger;

that failure to complete the merger could lead to negative perceptions among investors, potential investors, employees and customers; and

risks of the type and nature described in the sections entitled "Risk Factors" and "Cautionary Statements Regarding Forward-Looking Statements."

The NXP board considered all of these factors as a whole and, on balance, concluded that overall, the potential benefits of the merger to NXP and its shareholders outweighed the risks which are mentioned above, and it supported the decision to approve the merger agreement and the transactions contemplated thereby. The foregoing discussion of the information and factors considered by the NXP board is not exhaustive. In view of the wide variety of factors considered by the NXP board in connection with its evaluation of the proposed merger and the complexity of these matters, the NXP board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. Rather, the NXP board viewed its decisions as being based on the totality of the information presented to it and the factors it considered. The NXP board evaluated the factors described above, among others, and reached a consensus that the merger agreement and the transactions contemplated thereby were advisable, fair to and in the best interests of NXP and its shareholders. In considering the factors described above and any other factors, individual members of the NXP board may have viewed factors differently or given different weight or merit to different factors.

**Recommendation of the Freescale Board and Reasons for the Merger**

By a vote at a meeting held on March 1, 2015, the Freescale board unanimously determined that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable, fair to and in the best interests of Freescale and its shareholders and approved the merger agreement and the transactions contemplated by the merger agreement, including the merger.

**The Freescale board recommends that Freescale shareholders vote FOR each of the Freescale merger proposal, the Freescale compensation proposal and the Freescale adjournment proposal at the Freescale special meeting.**

In evaluating the proposed merger, the Freescale board consulted with Freescale's management and legal and financial advisors and, in reaching its determination and recommendation, the Freescale board considered a number of factors. The Freescale board also consulted with outside legal counsel regarding its obligations, legal due diligence matters and the terms of the merger agreement.

Many of the factors considered favored the conclusion of the Freescale board that the merger agreement and the transactions contemplated by the merger agreement, including the merger, are advisable, fair to and in the best interests of Freescale and its shareholders, including the following (not in any relative order of importance):

the growing challenges faced by the semiconductor industry, including macroeconomic trends and the fact that the industry is highly competitive, cyclical and subject to constant and rapid technological change with short product life-cycles for certain products and wide fluctuations in product supply and demand;

the products and development capabilities of Freescale and NXP are complementary, and should enable the combined company to compete more effectively in attractive market segments, with greater breadth and depth of product offerings, and a greater ability to develop new product offerings in various market segments;

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the opportunity to combine resources, including consolidating and reducing areas of overlap in operating and other expenses, such as the expenses of maintaining two separate public companies;

the opportunity to combine expertise, including the skills of experienced managers in the semiconductor industry, to better meet the needs of the customers of both Freescale and NXP;

the expectation that the combined company will deliver long-term operating improvement, with greater potential for earnings expansion;

the expectation based on estimates by Freescale's and NXP's management prior to the execution of the merger agreement that the merger will (i) be accretive to the combined company's non-GAAP earnings and non-GAAP free cash flow and (ii) achieve cost savings of \$200 million in the first full year after the completion of the merger, with a path to \$500 million of annual cost synergies;

the increased financial strength of the combined company, including as a result of the combined company having less leverage than Freescale's balance sheet following the completion of the merger, and the resulting ability to invest in current businesses and future growth opportunities;

the combined company's management team will draw upon experienced leaders from both companies;

the fact that the proposed merger consideration is part cash and part shares, which provides a level of price certainty, liquidity and downside protection for Freescale shareholders while simultaneously providing Freescale shareholders with a substantial ownership interest in NXP following the completion of the merger and an opportunity to participate in the potential for earnings per share accretion and potential cost synergies created by the merger;

the fact that the merger consideration proposed by NXP reflected extensive negotiations between the parties and their respective advisors, and the Freescale board's and financial advisor's belief that the agreed merger consideration represented NXP's best proposal;

the historical share prices of Freescale and NXP, including the fact that the implied value of the merger consideration of \$6.25 per share in cash plus 0.3521 of an NXP ordinary share represents:

an approximate premium of 4.1% based on the unaffected closing price per Freescale common share of \$34.70 on February 12, 2015, which was the price per share prior to media reports published after the market close on February 12, 2015 speculating that Freescale was involved in sale discussions; and

an approximate premium of 26.2% based on the average closing price per Freescale common share of \$28.64 over the 30 trading day period ending February 12, 2015;

the fact that, based on the shares outstanding on the date of the execution of the merger agreement, Freescale shareholders would own approximately 32% of the combined company immediately following completion of the merger;

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the expectation that the merger will result in greater long-term shareholder value than the potential for earnings per share accretion that might result from other alternatives available to Freescale, including seeking an alternative transaction with another third party or remaining an independent public company, in each case, considering the potential for Freescale shareholders to share in any future earnings growth of Freescale's businesses and continued costs;

the Freescale board's familiarity with, and understanding of, Freescale's business, assets, financial condition, results of operations, current business strategy and prospects;

information and discussions with Freescale's management and advisors regarding NXP's business, assets, financial condition, results of operations, current business strategy and prospects, including the projected long-term financial results of NXP as a standalone company, the size and scale of the combined company and the expected pro forma effect of the proposed merger on the combined company;

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the oral opinion of Morgan Stanley delivered to the Freescale board on March 1, 2015, which was confirmed by delivery of a written opinion dated March 1, 2015, that as of such date and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the merger consideration to be received by the holders of Freescale common shares pursuant to the merger agreement was fair from a financial point of view to the holders of Freescale common shares, as more fully described in the section entitled "Opinion of Freescale's Financial Advisor." The full text of Morgan Stanley's written opinion to the Freescale board, dated March 1, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached as Annex C to this joint proxy statement/prospectus, and you are urged to read this written opinion in its entirety;

the fact that Freescale conducted a thorough process to explore Freescale's strategic alternatives during which process representatives of Freescale sought offers from various potential buyers, none of whom made an offer at a value greater than the merger consideration;

the governance terms in the merger agreement, which provides that the two individuals that are designated by Freescale to become non-executive members of the NXP board will not be affiliated with any equityholder of the sponsor shareholder;

the nature of the closing conditions included in the merger agreement, as well as the likelihood of satisfaction of all of the conditions to the completion of the proposed merger;

the obligations of the parties to use reasonable best efforts to obtain approvals or clearances from the applicable antitrust and competition authorities, including NXP's obligation to sell, divest, license or otherwise dispose of the RF Power business of NXP or Freescale and other related assets, subject to certain exceptions and conditions;

the delivery by NXP of a debt commitment letter setting forth the financing commitments and other arrangements regarding the financing NXP contemplates using to complete the proposed merger;

Freescale's right to engage in negotiations with, and provide information to, a third party that makes an unsolicited proposal relating to an alternative transaction, if the Freescale board determines in good faith (i) after consultation with its financial advisors and outside legal counsel that such proposal is, or would reasonably be expected to lead to, a superior proposal and (ii) after consultation with its outside legal counsel that the failure to participate in such negotiations or provide such information would reasonably be expected to be inconsistent with the fiduciary duties of the Freescale board (as more fully described in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals");

the right of the Freescale board to change its recommendation in favor of the approval of the merger agreement if it has determined, in good faith, after consultation with its outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with its directors' fiduciary duties, subject to certain conditions (including taking into account any modifications to the terms of the merger that are proposed by NXP);

the fact that while approximately 64% of the Freescale common shares are subject to the support agreement, half of such shares would be released from the voting obligations thereunder if the Freescale board makes a change of recommendation in connection with a superior proposal in compliance with the merger agreement;

the right of NXP and Freescale to specific performance to prevent breaches and to enforce the merger agreement in certain instances, including Freescale's right to enforce NXP's obligation to complete the proposed merger if the conditions to the completion of the

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merger have been satisfied, NXP's debt financing is available and Freescale has confirmed that if specific performance is granted and the debt financing is funded Freescale will take actions within its control to complete the proposed merger (as more fully described in the section entitled "The Merger Agreement - Remedies; Specific Performance"); and

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the requirement that NXP or Freescale pay a termination fee to the other party under certain circumstances if the merger does not occur which will constitute the receiving party's sole and exclusive remedy under such circumstances (as more fully described in the section entitled "The Merger Agreement - Termination Fees").

In the course of its deliberations, the Freescale board also considered a variety of risks and other potentially negative factors, including the following (not in any relative order of importance):

the possibility that the merger may not be completed or that completion may be unduly delayed for reasons beyond the control of Freescale and/or NXP, including the potential length of the regulatory review process and the risk that applicable antitrust and competition authorities may prohibit or enjoin the proposed merger or otherwise impose conditions on Freescale and/or NXP in order to obtain clearance for the merger;

the fact that the exchange ratio is fixed, indicating that Freescale shareholders could be adversely affected by a decrease in the trading price of NXP ordinary shares during the pendency of the proposed merger and the fact that the merger agreement does not provide Freescale with a price-based termination right or other similar protection in favor of Freescale or its shareholders (other than the cash component of the merger consideration);

the potential for diversion of management and employee attention and for increased employee attrition during the period prior to completion of the proposed merger, and the potential effect of the proposed merger on Freescale's business and relations with customers, suppliers and strategic alliance and joint venture partners;

the restrictions on the conduct of Freescale's business prior to completion of the proposed merger, requiring Freescale to conduct its business only in the ordinary and usual course of business in all material respects consistent with past practice, subject to specific limitations, which could delay or prevent Freescale from undertaking business opportunities that may arise pending completion of the merger and could negatively impact Freescale's ability to attract and retain employees and decisions of customers, suppliers and strategic alliance and joint venture partners;

the difficulty inherent in integrating the businesses, assets and workforces of two large companies and the risk that anticipated strategic and other benefits to Freescale and NXP following completion of the proposed merger, including the estimated cost synergies described above, will not be realized or will take longer to realize than expected;

the risk that the culture of Freescale and NXP may not be as compatible as anticipated;

the fact that the merger agreement includes restrictions on the ability of Freescale to solicit proposals for alternative transactions or engage in discussions regarding such proposals, subject to exceptions and termination provisions, which in some cases requires payment of a termination fee by Freescale (as more fully described in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals"), which could have the effect of discouraging such proposals from being made or pursued;

the transaction costs to be incurred in connection with the proposed merger, regardless of whether the proposed merger is completed;

the ability of the NXP board, under specified circumstances, to withdraw or modify its recommendation to NXP shareholders concerning the transactions contemplated by the merger agreement (as more fully described in the section entitled "The Merger Agreement - NXP's Obligations with respect to NXP Acquisition Proposals");



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the risk that NXP shareholders may fail to approve the merger and the other transactions contemplated by the merger agreement;

the fact that neither party may terminate the merger agreement to accept a superior proposal;

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the fact that if the merger is not completed, Freescale will have expended significant human and financial resources on a failed transaction, and may also be required to pay a termination fee under various circumstances (as more fully described in the section entitled "The Merger Agreement - Termination Fees"); and

various other risks associated with the merger and the business of Freescale and the combined company described in the sections titled "Risk Factors" and "Cautionary Statements Regarding Forward-Looking Statements," respectively.

The Freescale board considered all of these factors as a whole, and, on balance, concluded that they supported a determination to approve the merger agreement and the transactions contemplated by the merger agreement, including the merger. The foregoing discussion of the information and factors considered by the Freescale board is not exhaustive. In view of the wide variety of factors considered by the Freescale board in connection with its evaluation of the proposed merger and the complexity of these matters, the Freescale board did not consider it practical to, nor did it attempt to, quantify, rank or otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Freescale board evaluated the factors described above, among others, and reached a consensus that the merger agreement and the transactions contemplated by the merger agreement, including the merger, were advisable, fair to and in the best interests of Freescale and its shareholders. In considering the factors described above and any other factors, individual members of the Freescale board may have viewed factors differently or given different weight or merit to different factors.

In considering the recommendation of the Freescale board to approve the Freescale merger proposal, Freescale shareholders should be aware that Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. The Freescale board was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that Freescale shareholders vote "FOR" the Freescale merger proposal. See the section entitled "Interests of Certain Freescale Persons in the Merger."

### **Certain Financial Projections Utilized by the NXP Board and NXP's Financial Advisor**

#### ***Financial Projections Related to NXP***

NXP does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. In connection with the NXP board's consideration of the proposed merger, NXP's management prepared or approved certain unaudited financial projections regarding NXP's future performance for the years 2015 through 2020 on a standalone basis without giving effect to the merger (or the anticipated sale of the RF Power business of NXP that may be made in connection with the merger), which we refer to in this joint proxy statement/prospectus as the "NXP management forecast," and provided the NXP management forecast to the NXP board, Credit Suisse, Freescale and Morgan Stanley, except that the projections for the years 2018 through 2020 included in the NXP management forecast were not made available to Freescale or Morgan Stanley. Freescale's use of these projections is described in the section entitled "Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor."

The inclusion of any financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that NXP or the NXP board considered, or now considers, these projections to be predictive of actual future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus. Please read carefully the section entitled "Important Information About the Unaudited Financial Projections."

NXP uses a variety of financial measures that are not in accordance with GAAP as supplemental measures to evaluate its operational performance. While NXP believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of NXP's competitors and may not be directly comparable to similarly titled measures of NXP's competitors due to potential differences in the exact method of calculation.

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The following table summarizes the NXP management forecast used by the NXP board for purposes of its consideration of the merger and approved by NXP for Credit Suisse's use and reliance for purposes of its financial analyses and opinion:

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 6,253	\$ 6,856	\$ 7,501	\$ 8,123	\$ 8,806	\$ 9,556
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$ 1,882	\$ 2,082	\$ 2,284	\$ 2,469	\$ 2,682	\$ 2,898
<b>Non-GAAP EBIT<sup>(2)</sup></b>	\$ 1,608	\$ 1,794	\$ 1,982	\$ 2,144	\$ 2,325	\$ 2,523

(1) Adjusted EBITDA is a non-GAAP measure of estimated earnings before interest, taxes, depreciation and amortization (EBITDA) after adjustments for restructuring costs, stock-based compensation, other incidental items, other adjustments and results related to equity accounted investees.

(2) Non-GAAP EBIT is a non-GAAP measure of estimated earnings before interest and taxes (EBIT) net of the effects of purchase price accounting, restructuring costs, stock-based compensation, other incidental items and certain other adjustments.

**Financial Projections Related to Freescale**

In connection with the discussions regarding the proposed merger, Freescale provided to NXP the Freescale 7% Growth / 26% Margin Case for the years 2015 through 2017 (as described in the section entitled "Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor"), other than the projections for the years 2018 through 2020, and NXP's management extended such unaudited financial projections by three years to the year 2020 based on certain assumptions and estimates and adjusted the projections for the years 2015 through 2020 based on certain assumptions and estimates. We refer to such extended and adjusted financial projections in this joint proxy statement/prospectus as the adjusted Freescale forecast. NXP's management provided the adjusted Freescale forecast to the NXP board and Credit Suisse. The adjusted Freescale forecast was not made available to Freescale or Morgan Stanley.

The following table summarizes the adjusted Freescale forecast, as used by the NXP board for purposes of its consideration of the merger and approved by NXP for Credit Suisse's use and reliance for purposes of its financial analyses and opinion:

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 4,830	\$ 5,129	\$ 5,390	\$ 5,683	\$ 5,994	\$ 6,320
<b>Adjusted EBITDA</b>	\$ 1,197	\$ 1,348	\$ 1,484	\$ 1,625	\$ 1,738	\$ 1,853
<b>Non-GAAP EBIT</b>	\$ 947	\$ 1,096	\$ 1,207	\$ 1,319	\$ 1,405	\$ 1,513

**Table of Contents****Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor*****Financial Projections Related to Freescale***

Freescale does not, as a matter of course, publicly disclose forecasts or internal projections as to future performance, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. In connection with the Freescale board's consideration of the merger, Freescale's management prepared certain unaudited financial projections regarding Freescale's future standalone performance without giving effect to the merger. In addition, Morgan Stanley prepared additional cases of Freescale's unaudited financial projections to account for potential macroeconomic or other conditions which may affect Freescale's business, which cases were reviewed and approved by Freescale's management.

*Freescale 7% Growth / 26% Margin Case:* Freescale's management prepared a case of certain unaudited financial projections regarding Freescale's future standalone performance for the years 2015 through 2017. The case had forecasted revenue compound annual growth rate (CAGR) for the years 2014 through 2017 of 7% and a forecasted 2017 operating margin of 26%. Morgan Stanley extended the case by three years to 2020 based on certain assumptions and estimates that were reviewed and approved by Freescale's management. We refer to such extended case in this joint proxy statement/prospectus as the Freescale 7% Growth / 26% Margin Case.

*Freescale 0% Growth / 17% Margin Case:* Morgan Stanley prepared a second case, which we refer to in this joint proxy statement/prospectus as the Freescale 0% Growth / 17% Margin Case, of certain unaudited financial projections regarding Freescale's future standalone performance for the years 2015 through 2020, which case was reviewed and approved by Freescale's management. The case assumed macroeconomic and other conditions affecting Freescale's business would produce a revenue CAGR for the years 2014 through 2017 of 0%, and a forecasted 2017 operating margin of 17%.

*Freescale Street Case:* Morgan Stanley prepared a third case, which we refer to in this joint proxy statement/prospectus as the Freescale Street Case, of certain unaudited financial projections regarding Freescale's future standalone performance for the years 2015 through 2020 based on Thomson Reuters consensus estimates of Freescale as of February 27, 2015 for the years 2015 and 2016 and extended such unaudited financial projections by four years to the year 2020 based on certain assumptions and estimates. This case was reviewed and approved by Freescale's management.

The Freescale 7% Growth / 26% Margin Case, the Freescale 0% Growth / 17% Margin Case and the Freescale Street Case were provided to the Freescale board for purposes of its consideration of the merger and were used by Morgan Stanley for purposes of its financial analysis. The Freescale 7% Growth / 26% Margin Case was provided to NXP and Credit Suisse, except that the projections for the years 2018 through 2020 were not made available to NXP or Credit Suisse and calendar year 2015 estimated EBITDA and earnings per share (EPS) projections were subsequently updated from the projections made available to NXP and Credit Suisse. The Freescale 0% Growth / 17% Margin Case and the Freescale Street Case were not made available to NXP or Credit Suisse.

The inclusion of any financial projections or assumptions in this joint proxy statement/prospectus should not be regarded as an indication that Freescale or the Freescale board considered, or now considers, these projections to be predictive of actual future results. You should not place undue reliance on the unaudited financial projections contained in this joint proxy statement/prospectus. Please read carefully Important Information About the Unaudited Financial Projections.

Freescale uses a variety of financial measures that are not in accordance with GAAP as supplemental measures to evaluate its operational performance. Although Freescale believes that these non-GAAP financial measures provide useful supplemental information, there are limitations associated with the use of these non-GAAP financial measures. These non-GAAP financial measures are not prepared in accordance with GAAP, are not reported by all of Freescale's competitors and may not be directly comparable to similarly titled measures of Freescale's competitors because of potential differences in the exact method of calculation.

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The financial projections included in the Freescale 7% Growth / 26% Margin Case, the Freescale 0% Growth / 17% Margin Case and the Freescale Street Case include (x) EBITDA and (y) adjusted earnings per share (Adjusted EPS), which is defined as earnings per Freescale common share on a fully diluted basis (giving effect to the dilutive effects of stock options, restricted shares and other dilutive instruments) determined by dividing: (a) net earnings adjusted for the impact of acquisition accounting, non-cash share-based compensation expense, deferred and non-current tax expense, losses on extinguishment or modification of long-term debt and reorganization of business and other by (b) the weighted average number of Freescale common shares and common share equivalents outstanding.

The following tables summarize the Freescale 7% Growth / 26% Margin Case, the Freescale 0% Growth / 17% Margin Case and the Freescale Street Case used by the Freescale board for purposes of its consideration of the merger and by Morgan Stanley for purposes of its financial analysis:

**Freescale 7% Growth / 26% Margin Case**

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 4,900	\$ 5,350	\$ 5,750	\$ 6,085	\$ 6,338	\$ 6,496
<b>EBITDA<sup>(1)</sup></b>	\$ 1,249 <sup>(2)</sup>	\$ 1,502	\$ 1,760	\$ 1,908	\$ 2,020	\$ 2,090
<b>Adjusted EPS</b>	\$ 2.15 <sup>(2)</sup>	\$ 2.77	\$ 3.41	\$ 4.37	\$ 4.63	\$ 3.60

(1) Excludes stock-based compensation expenses and one-time, non-recurring expenses.

(2) The Freescale 7% Growth / 26% Margin Case provided to NXP and its financial advisor reflected EBITDA of \$1,253 and EPS of \$2.07 for Freescale for the year ended December 31, 2015.

**Freescale 0% Growth / 17% Margin Case**

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 4,000	\$ 4,300	\$ 4,700	\$ 4,900	\$ 5,150	\$ 5,279
<b>EBITDA<sup>(1)</sup></b>	\$ 557	\$ 759	\$ 996	\$ 1,125	\$ 1,260	\$ 1,317
<b>Adjusted EPS</b>	\$ 0.18	\$ 0.68	\$ 1.29	\$ 2.19	\$ 2.54	\$ 2.09

(1) Excludes stock-based compensation expenses and one-time, non-recurring expenses.

**Freescale Street Case**

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 4,876	\$ 5,138	\$ 5,378	\$ 5,590	\$ 5,770	\$ 5,915
<b>EBITDA<sup>(1)</sup></b>	\$ 1,184	\$ 1,275	\$ 1,379	\$ 1,472	\$ 1,550	\$ 1,613

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<b>Adjusted EPS</b>	\$ 2.16	\$ 2.59	\$ 3.11	\$ 3.34	\$ 3.52	\$ 2.79
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(1) Excludes stock-based compensation expenses and one-time, non-recurring expenses.

**Table of Contents****Financial Projections Related to NXP**

**NXP Management Case:** In connection with the discussions regarding the proposed merger, NXP provided to Freescale and Morgan Stanley the NXP management forecast for the years 2015 through 2017 and Morgan Stanley extended such unaudited financial projections by three years to 2020 based on certain assumptions and estimates. We refer to such extended projections in this joint proxy statement/prospectus as the NXP Management Case.

**NXP Cycle Case:** Morgan Stanley prepared a second case, which we refer to in this joint proxy statement/prospectus as the NXP Cycle Case, of certain unaudited financial projections regarding NXP's future standalone performance for the years 2015 through 2020 to reflect the potential impact on NXP's future standalone performance if the projected results in the NXP Management Case were lower than anticipated due to macroeconomic and other conditions affecting NXP's business. The case had forecasted revenue CAGR for the years 2014 through 2017 of 0% and a forecasted 2017 operating margin of 24%.

**NXP Street Case:** Morgan Stanley prepared a third case, which we refer to in this joint proxy statement/prospectus as the NXP Street Case, of certain unaudited financial projections regarding NXP's future standalone performance for the years 2015 through 2020 to reflect Thomson Reuters consensus estimates of NXP as of February 27, 2015 for the years 2015 and 2016 and extended such unaudited financial projections by four years to 2020 based on certain assumptions and estimates.

The NXP Management Case, the NXP Cycle Case and the NXP Street Case were provided to the Freescale board for purposes of its consideration of the merger and were used by Morgan Stanley for purposes of its financial analysis. Other than the NXP Management Case for the three years 2015 through 2017, none of these cases were made available to NXP or Credit Suisse. Each of the NXP Management Case, the NXP Cycle Case and the NXP Street Case did not include any adjustments for the anticipated sale of the RF Power business of NXP.

The following table summarizes the NXP Management Case, the NXP Cycle Case and the NXP Street Case used by the Freescale board for purposes of its consideration of the merger and by Morgan Stanley for purposes of its financial analysis:

**NXP Management Case**

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 6,253	\$ 6,856	\$ 7,501	\$ 8,034	\$ 8,420	\$ 8,630
<b>Adjusted EBITDA<sup>(1)</sup></b>	\$ 1,882	\$ 2,082	\$ 2,284	\$ 2,519	\$ 2,689	\$ 2,781

(1) Adjusted EBITDA is a non-GAAP measure of EBITDA after adjustments for restructuring costs, stock-based compensation, other incidental items, other adjustments and results related to equity accounted investees.

**NXP Cycle Case**

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 4,874	\$ 5,240	\$ 5,727	\$ 5,971	\$ 6,276	\$ 6,433
<b>Adjusted EBITDA</b>	\$ 1,015	\$ 1,281	\$ 1,586	\$ 1,742	\$ 1,907	\$ 1,976

**Table of Contents**NXP Street Case

	Year ended December 31, 2015	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2020
	(dollars in millions)					
<b>Revenue</b>	\$ 6,286	\$ 6,748	\$ 7,162	\$ 7,514	\$ 7,793	\$ 7,988
<b>Adjusted EBITDA</b>	\$ 1,891	\$ 2,031	\$ 2,213	\$ 2,367	\$ 2,490	\$ 2,575

**Important Information About the Unaudited Financial Projections**

While the unaudited financial projections summarized above in the sections entitled "Certain Financial Projections Utilized by the NXP Board and NXP's Financial Advisor" and "Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor" were prepared in good faith and based on information available at the time of preparation, no assurance can be made regarding future events. The estimates and assumptions underlying the unaudited financial projections involve judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions that may not be realized and that are inherently subject to significant uncertainties and contingencies, including, among others, risks and uncertainties described in the section entitled "Risk Factors" and "Cautionary Statements Regarding Forward-Looking Statements," all of which are difficult to predict and many of which are beyond the control of NXP and Freescale, respectively, and will be beyond the control of the combined company. There can be no assurance that the underlying assumptions or projected results will be realized, and actual results will likely differ, and may differ materially, from those reflected in the unaudited financial projections, whether or not the merger is completed. As a result, the unaudited financial projections cannot necessarily be considered predictive of actual future operating results, and this information should not be relied on as such.

The unaudited financial projections were prepared solely for internal use by NXP or Freescale, as the case may be, or their respective financial advisors, and not with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial data, published guidelines of the SEC regarding forward-looking statements and the use of non-GAAP measures or GAAP. In the view of NXP's management and Freescale's management, the respective forecasts prepared by them were prepared on a reasonable basis based on the best information available to NXP's management and Freescale's management, respectively, at the time of their preparation. The unaudited financial projections, however, are not facts and should not be relied upon as being necessarily indicative of actual future results, and readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on this information. The inclusion of the unaudited financial projections in this joint proxy statement/prospectus is not an admission or representation by NXP or Freescale that such information is material. None of the unaudited financial projections reflect any impact of the merger or the other transactions contemplated by the merger agreement.

All of the unaudited financial projections summarized in this section were prepared by and are the responsibility of the management of NXP or Freescale, as the case may be. No independent registered public accounting firm has examined, compiled or otherwise performed any procedures with respect to the prospective financial information contained in these financial forecasts and, accordingly, no independent registered public accounting firm has expressed any opinion or given any other form of assurance with respect thereto and no independent registered public accounting firm assumes any responsibility for the prospective financial information. The reports of the independent registered public accounting firms incorporated by reference into this joint proxy statement/prospectus relate to the historical financial information of NXP and Freescale, respectively. Such reports do not extend to the unaudited financial projections and should not be read to do so.

By including in this joint proxy statement/prospectus a summary of certain of the unaudited financial projections regarding the operating results of NXP and Freescale, neither NXP, Freescale nor any of their



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respective advisors or other representatives has made or makes any representation to any person regarding the ultimate performance of NXP or Freescale compared to the information contained in the financial projections. The unaudited financial projections cover multiple years and such information by its nature becomes less predictive with each succeeding year. Neither NXP, Freescale nor, following completion of the merger, the combined company undertakes any obligation to update or otherwise revise the unaudited financial projections contained in this joint proxy statement/prospectus to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events or to reflect changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error.

The summaries of the unaudited financial projections are not included in this joint proxy statement/prospectus in order to induce any Freescale shareholder to vote in favor of the Freescale merger proposal or any of the other proposals to be voted on at the Freescale special meeting or any NXP shareholders to vote in favor of the NXP merger proposal or any of the other proposals to be voted on at the NXP special meeting.

### **Opinion of NXP's Financial Advisor**

NXP retained Credit Suisse to act as its financial advisor in connection with the merger. In connection with Credit Suisse's engagement, the NXP board requested that Credit Suisse evaluate the fairness, from a financial point of view, to NXP of the merger consideration to be paid by NXP pursuant to the merger agreement. On March 1, 2015, at a meeting of a special committee of the NXP board held to evaluate the proposed merger, Credit Suisse rendered to the NXP board an oral opinion, confirmed by delivery of a written opinion dated March 1, 2015, to the effect that, as of that date and based on and subject to various assumptions made, procedures followed, matters considered and limitations on the review undertaken, the merger consideration to be paid by NXP pursuant to the merger agreement was fair, from a financial point of view, to NXP.

**The full text of Credit Suisse's written opinion, dated March 1, 2015, to the NXP board, which sets forth, among other things, the assumptions made, procedures followed, matters considered and limitations on the review undertaken by Credit Suisse in connection with such opinion, is attached to this joint proxy statement/prospectus as Annex B and is incorporated into this joint proxy statement/prospectus by reference in its entirety. The description of Credit Suisse's opinion set forth in this joint proxy statement/prospectus is qualified in its entirety by reference to the full text of Credit Suisse's opinion. Credit Suisse's opinion was provided to the NXP board (in its capacity as such) for its information in connection with its evaluation of the merger consideration from a financial point of view to NXP and did not address any other aspect of the proposed merger or related transactions, including the relative merits of the merger or related transactions as compared to alternative transactions or strategies that might be available to NXP or the underlying business decision of NXP to proceed with the merger or related transactions. The opinion does not constitute advice or a recommendation to any shareholder as to how such shareholder should vote or act on any matter relating to the proposed merger, any related transactions or otherwise.**

In arriving at its opinion, Credit Suisse reviewed an execution version, provided to Credit Suisse on March 1, 2015, of the merger agreement and certain publicly available business and financial information relating to Freescale and NXP. Credit Suisse also reviewed certain other information relating to Freescale and NXP provided to or discussed with Credit Suisse by Freescale and NXP, including financial forecasts and estimates relating to Freescale and NXP prepared by the managements of Freescale and NXP (as adjusted, in the case of Freescale, by the management of NXP), and met with the managements of Freescale and NXP to discuss the businesses and prospects of Freescale and NXP and the strategic implications and operations benefits anticipated to result from the merger and related transactions. Credit Suisse also considered certain financial and stock market data of Freescale and NXP, and compared that data with similar data for publicly held companies in businesses it deemed similar to those of Freescale and NXP, and Credit Suisse considered, to the extent publicly available, the financial terms of certain other business combinations and transactions which have been effected or announced. Credit Suisse also considered such other information, financial studies, analyses and investigations and financial, economic and market criteria which it deemed relevant.

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In connection with its review, Credit Suisse did not independently verify any of the foregoing information and Credit Suisse assumed and relied upon such information being complete and accurate in all material respects. With respect to the financial forecasts and estimates for Freescale provided to Credit Suisse by the management of Freescale, including estimates as to potential net operating loss carryforwards and other potential tax attributes of Freescale on a standalone basis, Credit Suisse was advised, and Credit Suisse assumed, with the consent of NXP, that such forecasts and estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of Freescale as to the future financial performance of Freescale and other matters covered thereby. With respect to financial forecasts and estimates relating to Freescale and NXP provided to Credit Suisse by the management of NXP which Credit Suisse was directed to utilize in its analyses, including adjustments prepared by the management of NXP to the financial forecasts and estimates for Freescale prepared by the management of Freescale and estimates as to potential net operating loss carryforwards and other potential tax attributes of NXP and the combined company on a standalone and combined basis, Credit Suisse was advised and assumed, with the consent of NXP, that such forecasts and estimates were reasonably prepared on bases reflecting the best currently available estimates and judgments of the management of NXP as to, and a reasonable basis upon which to evaluate, the future financial performance of Freescale and NXP (and, as applicable, the combined company) and other matters covered thereby. Credit Suisse assumed, with the consent of NXP, that the potential net operating loss carryforwards and other potential tax attributes would be realized in the amounts and at the times projected. Credit Suisse relied, with the consent of NXP and without independent verification, upon the assessments of the management of NXP as to (i) the potential impact on Freescale and NXP of market, cyclical and other trends and prospects for the semiconductors industry and the industries in which Freescale's and NXP's solutions are utilized, (ii) the products, technology and intellectual property of Freescale and NXP, including the validity of, and risks associated with, such products, technology and intellectual property, (iii) Freescale's employee and commercial relationships, including the ability of NXP to retain key employees and customers and to maintain key commercial relationships of Freescale and (iv) the ability of NXP to integrate the operations of Freescale with those of NXP. Credit Suisse assumed, with the consent of NXP, that there would be no developments with respect to any such matters that would have an adverse effect on Freescale, NXP, the merger or related transactions (including the contemplated benefits thereof) or that otherwise would be meaningful to Credit Suisse's analyses or opinion.

Credit Suisse assumed, with the consent of NXP, that, in the course of obtaining any regulatory or third party consents, approvals or agreements in connection with the merger and related transactions, including with respect to divestiture requirements, no delay, limitation, restriction or condition would be imposed that would have an adverse effect on Freescale, NXP, the merger or related transactions (including the contemplated benefits thereof) or that otherwise would be meaningful to Credit Suisse's analyses or opinion, and that the merger and related transactions would be consummated in accordance with the terms of the merger agreement and related documents and in compliance with all applicable laws or other requirements, without waiver, modification or amendment of any material term, condition or agreement. Representatives of NXP advised Credit Suisse, and Credit Suisse also assumed, that the terms of the merger agreement, when executed, would conform in all material respects to the terms reflected in the execution version reviewed by Credit Suisse. In addition, Credit Suisse was not requested to make, and it did not make, an independent evaluation or appraisal of the assets or liabilities (contingent or otherwise) of Freescale or NXP, nor was Credit Suisse furnished with any such evaluations or appraisals and Credit Suisse assumed, with the consent of NXP, that appropriate reserves and other provisions had been made with respect to, and that there were no undisclosed, liabilities of or relating to Freescale or NXP. Credit Suisse did not express any opinion with respect to accounting, tax, regulatory, legal or similar matters and relied, with the consent of NXP, on the assessments of representatives of NXP as to such matters.

Credit Suisse's opinion addressed only the fairness, from a financial point of view and as of the date of its opinion, to NXP of the merger consideration to be paid by NXP pursuant to the merger agreement and did not address other aspect or implication of the merger or related transactions, including, without limitation, the form or structure of the merger or related transactions, any support or shareholders agreement or any other agreement, arrangement or understanding entered into in connection with the merger or related transactions or

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otherwise. Credit Suisse's opinion also did not address the fairness of the amount or nature of, or any other aspect relating to, any compensation to any officers, directors or employees of any party to the merger or related transactions, or class of such persons, relative to the merger consideration or otherwise. The issuance of Credit Suisse's opinion was approved by Credit Suisse's authorized internal committee.

Credit Suisse's opinion was necessarily based on information made available to it as of the date of its opinion and financial, economic, market and other conditions as they existed and could be evaluated on that date, and Credit Suisse undertook no obligation to update, revise, reaffirm or withdraw its opinion or otherwise comment on or consider events that may occur after such date. Credit Suisse did not express any opinion as to what the value of NXP ordinary shares actually would be when issued pursuant to the merger or the prices at which NXP ordinary shares or Freescale common shares would trade at any time. Except as described in this summary, NXP imposed no other limitations on Credit Suisse with respect to the investigations made or procedures followed in rendering its opinion.

In preparing its opinion to the NXP board, Credit Suisse performed a variety of financial and comparative analyses, including those described below. The summary of Credit Suisse's analyses described below is not a complete description of the analyses underlying Credit Suisse's opinion. The preparation of a fairness opinion is a complex process involving various determinations as to the most appropriate and relevant methods of financial analysis and the application of those methods to the particular circumstances and, therefore, a fairness opinion is not readily susceptible to partial analysis or summary description. Credit Suisse arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis. Accordingly, Credit Suisse believes that its analyses must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying its analyses and opinion.

In its analyses, Credit Suisse considered industry performance, general business, economic, market and financial conditions and other matters, many of which are beyond the control of NXP and Freescale. No company, transaction or business used in Credit Suisse's analyses is identical to NXP, Freescale, the merger or related transactions, and an evaluation of the results of those analyses is not entirely mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Credit Suisse's analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold or acquired. Accordingly, the estimates used in, and the results derived from, Credit Suisse's analyses are inherently subject to substantial uncertainty.

Credit Suisse was not requested to, and it did not, recommend the specific consideration payable in the proposed merger, which merger consideration was determined through negotiations between NXP and Freescale, and the decision to enter into the merger agreement was solely that of the NXP board. Credit Suisse's opinion and financial analyses were only one of many factors considered by the NXP board in its evaluation of the proposed merger and should not be viewed as determinative of the views of the NXP board or management with respect to the merger, any related transactions or the merger consideration.

The following is a summary of the material financial analyses reviewed with the special committee of the NXP board on March 1, 2015 in connection with Credit Suisse's opinion. **The financial analyses summarized below include information presented in tabular format. In order to fully understand Credit Suisse's financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies**

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**and assumptions underlying the analyses, could create a misleading or incomplete view of Credit Suisse's financial analyses.** For purposes of the financial analyses summarized below, (i) the term "implied merger consideration" refers to \$36.14 per share calculated as the cash consideration of \$6.25 per share and the implied value of the share consideration of \$29.89 per share based on the 0.3521x exchange ratio and NXP's closing share price of \$84.90 per share on February 27, 2015 and (ii) EBITDA, EPS, net income and net income before interest expense (referred to as unlevered net income) metrics excluded stock-based compensation except as otherwise noted, amortization of intangible assets, one-time, non-recurring expenses and other items. In its analyses and except as otherwise noted below, Credit Suisse utilized the adjusted Freescale forecast and the NXP management forecast.

***Freescale Financial Analyses***

*Selected Public Companies Analysis.* Credit Suisse reviewed financial and stock market information of Freescale and the following six selected publicly traded companies in the semiconductors industry which Credit Suisse in its professional judgment considered generally relevant for comparative purposes with Freescale, referred to as the Freescale selected companies:

Avago Technologies Limited

Broadcom Corporation

Infineon Technologies AG

Microchip Technology Incorporated

NXP

Texas Instruments Incorporated

Credit Suisse reviewed enterprise values, calculated as equity values based on closing share prices on February 27, 2015 (except, in the case of Freescale, which also was based on its unaffected closing share price on February 12, 2015 prior to press reports regarding a potential sale of Freescale) plus debt and minority interests less cash and cash equivalents, as a multiple of calendar year 2015 and calendar year 2016 estimated EBITDA. Credit Suisse also reviewed closing share prices on February 27, 2015 (and February 12, 2015 in the case of Freescale) as a multiple of calendar year 2015 and calendar year 2016 estimated EPS.

The overall low to high, and mean and median, estimated EBITDA and estimated EPS multiples observed for the Freescale selected companies for calendar years 2015 and 2016 were as follows:

**Calendar Year 2015 Observed Multiples for Freescale Selected Companies:**

Estimated EBITDA: 8.2x to 13.2x (with a mean of 11.3x and a median of 11.7x);

Estimated EPS: 13.3x to 19.2x (with a mean of 16.2x and a median of 16.2x).

**Calendar Year 2016 Observed Multiples for Freescale Selected Companies:**

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Estimated EBITDA: 7.0x to 12.3x (with a mean of 10.4x and a median of 10.9x);

Estimated EPS: 12.6x to 16.8x (with a mean of 14.7x and a median of 14.8x).

Calendar year 2015 and calendar year 2016 estimated EBITDA and EPS multiples observed for Freescale based on publicly available research analysts' consensus estimates and utilizing both Freescale's closing share price on February 27, 2015, the last trading day prior to public announcement of the merger and Freescale's unaffected closing share price on February 12, 2015 prior to press reports regarding a potential sale of Freescale, were (i) for calendar year 2015, 14.1x estimated EBITDA and 16.7x estimated EPS (based on Freescale's

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February 27, 2015 closing share price) and 13.7x estimated EBITDA and 16.2x estimated EPS (based on Freescale's February 12, 2015 closing share price), and (ii) for calendar year 2016, 13.1x estimated EBITDA and 14.0x estimated EPS (based on Freescale's February 27, 2015 closing share price) and 12.7x estimated EBITDA and 13.5x estimated EPS (based on Freescale's February 12, 2015 closing share price).

Credit Suisse then applied a selected range of calendar year 2015 and calendar year 2016 estimated EBITDA multiples of 11.0x to 13.5x and 10.5x to 12.5x, respectively, derived from the Freescale selected companies to corresponding data of Freescale and a selected range of calendar year 2015 and calendar year 2016 estimated EPS multiples of 14.0x to 16.5x and 12.5x to 15.5x, respectively, derived from the Freescale selected companies to the calendar year 2015 and calendar year 2016 estimated net income, respectively, of Freescale. Financial data of the Freescale selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of Freescale were based both on publicly available research analysts' consensus estimates and the adjusted Freescale forecast. Based on the adjusted Freescale forecast, this analysis indicated the following approximate implied equity value per share reference range for Freescale, as compared to the implied merger consideration:

Implied Equity Value Per Share	Implied Merger Consideration
<b>Reference Range</b>	
\$25.41 - \$36.57	\$ 36.14

*Selected Precedent Transactions Analysis.* Credit Suisse reviewed publicly available financial information of the following 12 selected transactions in the semiconductors industry which Credit Suisse in its professional judgment considered generally relevant for comparative purposes in connection with the proposed merger, referred to as the selected transactions:

Announcement Date	Acquiror	Target
12/01/14	Cypress Semiconductor Corporation	Spanion Inc.
10/15/14	Qualcomm Incorporated	CSR plc
08/20/14	Infineon Technologies AG	International Rectifier Corporation
06/09/14	Analog Devices, Inc.	Hittite Microwave Corporation
05/20/14	Cobham plc	Aeroflex Holding Corp.
02/24/14	RF Micro Devices, Inc.	TriQuint Semiconductor, Inc.
12/16/13	Avago Technologies Limited	LSI Corporation
09/12/11	Broadcom Corporation	NetLogic Microsystems, Inc.
04/04/11	Texas Instruments Incorporated	National Semiconductor Corporation
01/05/11	Qualcomm Incorporated	Atheros Communications, Inc.
12/13/07	ON Semiconductor Corporation	AMIS Holdings, Inc.
12/04/06	LSI Corporation	Agere Systems Inc.

Credit Suisse reviewed transaction values, calculated as the purchase prices paid for the target companies in the selected transactions plus debt and minority interests less cash and cash equivalents, as multiples of such target companies' latest 12 months EBITDA and unlevered net income and next 12 months estimated EBITDA and unlevered net income.

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The overall low to high, and mean and median, latest 12 months EBITDA and unlevered net income and next 12 months estimated EBITDA and estimated unlevered net income multiples observed for the selected transactions were as follows:

**Latest 12 Months Observed Multiples for Selected Transactions:**

EBITDA: 7.8x to 27.6x (with a mean of 14.6x and a median of 13.8x);

Unlevered Net Income: 13.0x to 32.7x (with a mean of 22.9x and a median of 23.9x).

**Next 12 Months Observed Multiples for Selected Transactions:**

Estimated EBITDA: 7.3x to 23.8x (with a mean of 12.9x and a median of 11.5x);

Estimated Unlevered Net Income: 12.4x to 33.3x (with a mean of 20.5x and a median of 19.8x).

Credit Suisse observed that the transactions involving Cypress Semiconductor Corporation/Spansion Inc., Qualcomm Incorporated/CSR plc, Avago Technologies Limited/LSI Corporation and LSI Corporation/Agere Systems Inc. each involved target companies with significant net operating losses, referred to as NOLs, relative to the applicable transaction value of such transactions and that, in such transactions, the overall observed latest 12 months EBITDA and next 12 months estimated EBITDA ranged from 12.7x to 20.4x and 9.6x to 16.5x, respectively, and the latest 12 months unlevered net income and next 12 months estimated unlevered net income ranged from 16.9x to 32.7x and 14.8x to 23.3x, respectively.

Credit Suisse then applied a selected range of latest 12 months EBITDA and next 12 months estimated EBITDA of 13.0x to 16.0x and 11.0x to 14.0x, respectively, derived from the selected transactions to the latest 12 months (calendar year 2014) EBITDA and next 12 months (calendar year 2015) estimated EBITDA of Freescale and a selected range of latest 12 months unlevered net income of 22.0x to 26.0x and next 12 months estimated unlevered net income of 20.0x to 25.0x derived from the selected transactions to the latest 12 months (calendar year 2014) unlevered net income and next 12 months (calendar year 2015) estimated unlevered net income of Freescale. For purposes of this analysis, the estimated net present value of NOLs and certain other tax attributes anticipated by the management of Freescale to be utilized by Freescale, which Credit Suisse was directed to utilize in its analyses by the management of NXP, were taken into account. Financial data of the selected transactions were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of Freescale were based on Freescale's public filings and the adjusted Freescale forecast. This analysis indicated the following approximate implied equity value per share reference range for Freescale, as compared to the implied merger consideration:

**Implied Equity Value Per Share****Reference Range**

\$27.53 \$40.78

**Implied  
Merger  
Consideration**

\$ 36.14

*Discounted Cash Flow Analysis.* Credit Suisse performed a discounted cash flow analysis of Freescale to calculate the estimated present value of the standalone unlevered, after-tax free cash flow that Freescale was forecasted to generate during the fiscal years ending December 31, 2015 through December 31, 2019 based on the adjusted Freescale forecast. For purposes of such analysis, the estimated net present value of Freescale's NOLs and certain other tax attributes expected by the management of Freescale to be utilized by Freescale were taken into account and stock-based compensation was treated as a cash expense in the projected period. Credit Suisse calculated terminal values for Freescale by applying to the one-year forward estimated EBITDA (after excluding stock-based compensation) of Freescale for the fiscal year ending December 31, 2020 a range of terminal value EBITDA multiples of 10.50x to 12.25x. The present value (as of December 31, 2014) of the cash flows and terminal values was then calculated using discount rates ranging from 7.5% to 10.0%. This analysis indicated the following approximate implied equity value per share reference range for Freescale, as compared to the implied merger consideration:

**Implied Equity Value Per Share**

**Reference Range**

\$32.69 \$44.46

**Implied  
Merger  
Consideration**

\$ 36.14



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***NXP Financial Analyses***

*Selected Public Companies Analysis.* Credit Suisse reviewed financial and stock market information of NXP and the following 11 selected publicly traded companies in the semiconductors industry which Credit Suisse in its professional judgment considered generally relevant for comparative purposes with NXP, consisting of seven semiconductor companies with high performance mixed signal businesses, referred to as the selected HPMS companies, and four semiconductor companies with standard products, referred to as the selected SP companies and, collectively with the selected HPMS companies, as the NXP selected companies:

**Selected HPMS Companies**

Avago Technologies Limited  
 Analog Devices, Inc.  
 Freescale  
 Linear Technology Corporation  
 Maxim Integrated Products, Inc.  
 Microchip Technology Incorporated  
 Texas Instruments Incorporated

**Selected SP Companies**

Infineon Technologies AG  
 STMicroelectronics N.V.  
 ROHM Co., Ltd.  
 ON Semiconductor Corporation

Credit Suisse reviewed enterprise values, calculated as equity values based on closing share prices on February 27, 2015 plus debt and minority interests less cash and cash equivalents, as a multiple of calendar year 2015 and calendar year 2016 estimated EBITDA. Credit Suisse also reviewed closing share prices on February 27, 2015 as a multiple of calendar year 2015 and calendar year 2016 estimated EPS.

The overall low to high, and overall mean and median, estimated EBITDA and estimated EPS multiples observed for the NXP selected companies for calendar year 2015 and calendar year 2016 were as follows:

**Calendar Year 2015 Observed Multiples for NXP Selected Companies:**

**Selected HPMS Companies:**

Estimated EBITDA: 11.0x to 13.7x (with a mean of 12.4x and a median of 12.5x);

Estimated EPS: 14.9x to 18.8x (with a mean of 17.4x and a median of 17.8x).

**Selected SP Companies:**

Estimated EBITDA: 5.1x to 8.6x (with a mean of 7.0x and a median of 7.2x);

Estimated EPS: 12.0x to 21.6x (with a mean of 18.4x and a median of 20.0x).

**Overall Mean and Median Multiples:**

Estimated EBITDA: 10.4x (mean) and 11.3x (median);

Estimated EPS: 17.7x (mean) and 18.2x (median).

**Calendar Year 2016 Observed Multiples for NXP Selected Companies:**

Selected HPMS Companies:

Estimated EBITDA: 10.3x to 12.7x (with a mean of 11.5x and a median of 11.4x);

Estimated EPS: 13.5x to 17.2x (with a mean of 15.8x and a median of 16.0x).

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Estimated EBITDA: 4.3x to 7.6x (with a mean of 6.1x and a median of 6.2x);

Estimated EPS: 9.5x to 19.4x (with a mean of 14.3x and a median of 14.2x).

Overall Mean and Median Multiples:

Estimated EBITDA: 9.5x (mean) and 10.6x (median);

Estimated EPS: 15.3x (mean) and 15.8x (median).

Calendar year 2015 and calendar year 2016 estimated EBITDA and estimated EPS multiples observed for NXP based on publicly available research analysts' consensus estimates and utilizing NXP's closing share price on February 27, 2015, the last trading day prior to public announcement of the merger, were (i) for calendar year 2015, 12.7x estimated EBITDA and 14.6x estimated EPS and (ii) for calendar year 2016, 11.8x estimated EBITDA and 13.0x estimated EPS.

Credit Suisse then applied a selected range of calendar year 2015 and calendar year 2016 estimated EBITDA multiples of 11.0x to 13.5x and 10.5x to 12.5x, respectively, derived from the NXP selected companies to corresponding data of NXP and a selected range of calendar year 2015 and calendar year 2016 estimated EPS multiples of 14.0x to 16.5x and 12.5x to 15.5x, respectively, derived from the NXP selected companies to the calendar year 2015 and calendar year 2016 estimated net income of NXP, respectively. Financial data of the NXP selected companies were based on publicly available research analysts' estimates, public filings and other publicly available information. Financial data of NXP were based both on publicly available research analysts' consensus estimates and the NXP management forecast. Based on the NXP management forecast, this analysis indicated the following approximate implied equity value per share reference range for NXP, as compared to the closing share price of NXP on February 27, 2015:

<b>Implied Equity Value</b>	<b>NXP Closing Share Price</b>
<b>Per Share Reference Range</b>	<b>on February 27, 2015</b>
\$71.92 - \$97.82	\$ 84.90

*Discounted Cash Flow Analysis.* Credit Suisse performed a discounted cash flow analysis of NXP to calculate the estimated present value of the standalone unlevered, after-tax free cash flow that NXP was forecasted to generate during the fiscal years ending December 31, 2015 through December 31, 2019 based on the NXP management forecast. For purposes of this analysis, the estimated net present value of NXP's NOLs and certain other tax attributes expected by the management of NXP to be utilized were taken into account and stock-based compensation was treated as a cash expense in the projected period. Credit Suisse calculated terminal values for NXP by applying to the one-year forward estimated EBITDA (after excluding stock-based compensation) of NXP for the fiscal year ending December 31, 2020 a range of terminal value EBITDA multiples of 10.50x to 12.25x. The present value (as of December 31, 2014) of the cash flows and terminal values was then calculated using discount rates ranging from 7.5% to 10.0%. This analysis indicated the following approximate implied equity value per share reference range for NXP, as compared to the closing share price of NXP on February 27, 2015:

<b>Implied Equity Value</b>	<b>NXP Closing Share Price</b>
<b>Per Share Reference Range</b>	<b>on February 27, 2015</b>
\$87.63 - \$112.35	\$ 84.90

*Exchange Ratio Analysis*

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Credit Suisse performed an exchange ratio analysis in which Credit Suisse calculated implied exchange ratio reference ranges from the results of the various analyses relating to Freescale and NXP described above. In such

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analysis, Credit Suisse deducted \$6.25 (the cash consideration portion of the merger consideration) from the implied equity value per share reference ranges derived for Freescale from such analyses. The low-ends of the implied exchange ratio reference ranges were calculated by dividing the low-end of the implied equity value per share reference ranges derived for Freescale as described above under the Freescale selected public companies analysis, Freescale discounted cash flow analysis and Freescale selected precedent transactions analysis by the high-end of the implied equity value per share reference ranges derived for NXP as described above under the NXP selected public companies analysis, NXP discounted cash flow analysis and NXP selected public companies analysis, respectively. The high-ends of the implied exchange ratio reference ranges were calculated by dividing the high-end of the implied equity value per share reference ranges derived for Freescale as described above under the Freescale selected public companies analysis, Freescale discounted cash flow analysis and Freescale selected precedent transactions analysis by the low-end of the implied equity value per share reference ranges derived for NXP as described above under the NXP selected public companies analysis, NXP discounted cash flow analysis and NXP selected public companies analysis, respectively. This analysis resulted in the following implied exchange ratio reference ranges, as compared to the merger exchange ratio:

**Implied Exchange Ratio Reference Ranges Based On:**

<b>Selected Public Companies Analyses</b>	<b>Selected Precedent Transactions Analysis (Freescale) and Selected Public Companies Analysis (NXP)</b>	<b>Discounted Cash Flow Analyses</b>	<b>Merger Exchange Ratio</b>
0.1958x 0.4215x	0.2176x 0.4801x	0.2354x 0.4360x	0.3521x

*Other Information.* Credit Suisse also noted for the NXP board certain additional information that was not considered part of Credit Suisse's financial analyses with respect to its opinion but was referenced for informational purposes, including the following:

historical trading prices of Freescale common shares and NXP ordinary shares during the 52-week period ended February 27, 2015, which indicated low and high closing prices for Freescale common shares of approximately \$15.55 and \$37.53 per share and for NXP ordinary shares of approximately \$53.90 and \$85.91 per share; and

share price targets for Freescale common shares and NXP ordinary shares in publicly available Wall Street research analysts' reports, which indicated low and high share price targets of \$27.00 and \$45.00 per share for Freescale and \$60.00 and \$100.00 per share for NXP.

**Miscellaneous**

NXP selected Credit Suisse to act as its financial advisor in connection with the merger based on Credit Suisse's qualifications, experience and reputation. Credit Suisse is an internationally recognized investment banking firm and is regularly engaged in the valuation of businesses and securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

NXP has agreed to pay Credit Suisse for its financial advisory services to NXP in connection with the proposed merger an aggregate fee of \$25 million, a portion of which was payable upon delivery of Credit Suisse's opinion and approximately \$20 million of which is contingent upon completion of the merger. In addition, NXP has agreed to reimburse Credit Suisse for its reasonable expenses, including fees and expenses of legal counsel, and to indemnify Credit Suisse and related parties for certain liabilities and other items, including liabilities under the federal securities laws, arising out of or related to its engagement. Credit Suisse and certain of its affiliates also expect to participate in the financing for the merger, for which services Credit Suisse and its affiliates will receive compensation. Credit Suisse and its affiliates in the past have provided, currently are providing and in the future may provide, investment banking and other financial services to NXP and Freescale unrelated to the proposed merger and related transactions, for which services Credit Suisse and its affiliates have received and will receive compensation including, during the two-year period prior to the date of Credit Suisse's opinion, having acted or acting as (i) financial advisor to NXP in connection with certain disposition or

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acquisition transactions, (ii) joint lead bookrunning manager for a \$745 million equity offering in February 2014, a \$960 million senior secured notes offering in October 2013 and a \$500 million senior secured notes offering in May 2013 of Freescale and as joint lead bookrunning manager for a \$1.0 billion senior unsecured convertible notes offering in November 2014, a \$750 million unsecured senior notes offering in May 2013 and \$500 million senior notes offerings in March 2013 and February 2013 of NXP, (iii) joint lead or co-arranger for, and as a lender under, certain credit facilities of Freescale and as a lender under a credit facility of NXP and (iv) joint bookrunning manager for underwritten secondary offerings of NXP ordinary shares in December 2013, March 2013 and February 2013, for which services as described in clauses (i) through (iv) above Credit Suisse and its affiliates received an aggregate fee during such two-year period of approximately \$6.9 million from NXP and approximately \$10.1 million from Freescale. Credit Suisse and its affiliates also in the past have provided, currently are providing and in the future may provide, investment banking and other financial services to certain affiliates and/or significant Freescale shareholders and certain portfolio companies of such affiliates or shareholders unrelated to the proposed merger and related transactions, for which services Credit Suisse and its affiliates have received and will receive compensation, including, among other things, having acted or acting for such entities during the two-year period prior to the date of Credit Suisse's opinion in various roles in connection with securities offerings or other financing transactions, as financial advisor in connection with disposition or acquisition transactions and as a lender in connection with certain credit facilities.

Credit Suisse is a full service securities firm engaged in securities trading and brokerage activities as well as providing investment banking and other financial services. In the ordinary course of business, Credit Suisse and its affiliates may acquire, hold or sell, for Credit Suisse's and its affiliates own accounts and the accounts of customers, equity, debt and other securities and financial instruments (including bank loans and other obligations) of NXP, Freescale and their respective affiliates and any other entity that may be involved in the merger or related transactions, and may invest in investment funds managed or advised by certain affiliates of such entities as well as provide investment banking and other financial services to such companies.

**Opinion of Freescale's Financial Advisor**

Freescale retained Morgan Stanley to act as financial advisor to the Freescale board in connection with the proposed merger. The Freescale board selected Morgan Stanley to act as its financial advisor based on Morgan Stanley's qualifications, expertise and reputation, its knowledge of and involvement in recent transactions in the semiconductor industry, and its knowledge of Freescale's business and affairs. At the meeting of the Freescale board on March 1, 2015, Morgan Stanley rendered its oral opinion, subsequently confirmed in writing, that as of such date, and based upon and subject to the various assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley as set forth in its written opinion, the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement was fair from a financial point of view to the holders of Freescale common shares.

**The full text of the written opinion of Morgan Stanley, dated as of March 1, 2015, which sets forth, among other things, the assumptions made, procedures followed, matters considered and qualifications and limitations on the scope of the review undertaken by Morgan Stanley in rendering its opinion, is attached to this joint proxy statement/prospectus as Annex C. You are encouraged to read the entire opinion carefully and in its entirety. Morgan Stanley's opinion was rendered for the benefit of the Freescale board, in its capacity as such, and addressed only the fairness from a financial point of view of the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement as of the date of the opinion. It does not address any other aspect or implications of the merger, including the value of the NXP ordinary shares when issued in the merger or the prices at which the NXP ordinary shares will trade at any time in the future. The opinion was addressed to, and rendered for the benefit of, the Freescale board and was not intended to, and does not, constitute advice or a recommendation to any holder of Freescale common shares or NXP ordinary shares as to how to vote at any shareholders' meetings to be held in connection with the merger or take any action with respect to the merger. The summary of Morgan Stanley's opinion set forth below is qualified in its entirety by reference to the full text of the opinion.**

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In connection with rendering its opinion, Morgan Stanley, among other things:

reviewed certain publicly available financial statements and other business and financial information of Freescale and NXP, respectively;

reviewed certain internal financial statements and other financial and operating data concerning Freescale and NXP, respectively;

reviewed certain financial projections prepared by the managements of Freescale and NXP, respectively;

reviewed information relating to certain strategic, financial and operational benefits anticipated from the merger, prepared by the managements of Freescale and NXP, respectively;

discussed the past and current operations and financial condition and the prospects of Freescale, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of Freescale;

discussed the past and current operations and financial condition and the prospects of NXP, including information relating to certain strategic, financial and operational benefits anticipated from the merger, with senior executives of NXP;

reviewed the pro forma impact of the merger on NXP's earnings per share, cash flow, consolidated capitalization and financial ratios;

reviewed the reported prices and trading activity for the Freescale common shares and the NXP ordinary shares;

compared the financial performance of Freescale and NXP and the prices and trading activity of the Freescale common shares and the NXP ordinary shares with that of certain other publicly-traded companies comparable with Freescale and NXP and their respective securities;

reviewed the financial terms, to the extent publicly available, of certain comparable acquisition transactions;

participated in certain discussions and negotiations among representatives of Freescale, NXP and certain other parties and their respective financial and legal advisors;

reviewed a draft of (i) the merger agreement; (ii) the support agreement; (iii) the debt commitment letter; and (iv) certain related documents; and

performed such other analyses, reviewed such other information and considered such other factors as Morgan Stanley deemed appropriate.

In arriving at its opinion, Morgan Stanley assumed and relied upon, without independent verification, the accuracy and completeness of the information that was publicly available or supplied or otherwise made available to Morgan Stanley by Freescale and NXP, and formed a

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substantial basis for its opinion. With respect to the financial projections, including information relating to certain strategic, financial and operational benefits anticipated from the merger, Morgan Stanley assumed that they had been reasonably prepared on bases reflecting the best currently available estimates and judgments of the respective managements of Freescale and NXP of the future financial performance of Freescale and NXP. In addition, Morgan Stanley assumed that the merger will be consummated in accordance with the terms set forth in the merger agreement without any waiver, amendment or delay of any terms or conditions, including, among other things, that NXP will obtain financing in accordance with the terms set forth in the debt commitment letter. Morgan Stanley assumed that in connection with the receipt of all the necessary governmental, regulatory or other approvals and consents required for the merger, no delays, limitations, conditions or restrictions will be imposed that would have a material adverse effect on the contemplated benefits expected to be derived in the merger. Morgan Stanley relied upon, without independent verification, the assessment by the managements of Freescale and NXP, respectively, of: (i) the strategic, financial and other benefits expected to result from the merger; (ii) the timing and risks associated with the



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integration of Freescale and NXP; (iii) their ability to retain key employees of Freescale and NXP, respectively; and (iv) the validity of, and risks associated with, Freescale and NXP's existing and future technologies, intellectual property, products, services and business models. Morgan Stanley is not a legal, tax or regulatory advisor. Morgan Stanley is a financial advisor only and relied upon, without independent verification, the assessment of Freescale and NXP and their respective legal, tax or regulatory advisors with respect to legal, tax, or regulatory matters.

Morgan Stanley's opinion does not address Freescale's underlying business decision to proceed with or effect the merger, or the relative merits of the merger as compared to any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. Morgan Stanley's opinion is limited to and addresses only the fairness, from a financial point of view and as of the date of the opinion, of the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement. Morgan Stanley was not asked to address, and its opinion does not address, any other term or aspect of the merger agreement or the merger, including the structure or form of the merger, the support agreement or any other agreement, arrangement or understanding to be entered into in connection with or contemplated by the merger agreement or otherwise. In addition, Morgan Stanley expressed no opinion with respect to the fairness of the amount or nature of the compensation to any of Freescale's officers, directors or employees, or any class of such persons, relative to the consideration to be received by the holders of Freescale common shares in the merger. Morgan Stanley did not make any independent valuation or appraisal of the assets or liabilities of Freescale or NXP, nor was it furnished with any such valuations or appraisals. Morgan Stanley's opinion was necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, March 1, 2015. Events occurring after March 1, 2015 may affect Morgan Stanley's opinion and the assumptions used in preparing it, and Morgan Stanley does not assume any obligation to update, revise or reaffirm its opinion.

***Summary of Financial Analyses***

The following is a brief summary of the material financial analyses performed by Morgan Stanley in connection with its oral opinion and the preparation of its written opinion dated March 1, 2015. The following summary is not a complete description of Morgan Stanley's opinion or the financial analyses performed and factors considered by Morgan Stanley in connection with rendering its opinion, nor does the order of analyses described represent the relative importance or weight given to those analyses. In connection with arriving at its opinion, Morgan Stanley considered all of its analyses as a whole and did not attribute any particular weight to any analysis described below. Considering any portion of these analyses and factors considered, without considering all analyses and factors, could create a misleading or incomplete view of the process underlying Morgan Stanley's opinion. The various analyses summarized below were based on the closing price of \$34.70 per Freescale common share as of February 12, 2015, the last trading day before public speculation that Freescale was exploring a sale. Some of these summaries of financial analyses include information presented in tabular format. In order to fully understand the financial analyses used by Morgan Stanley, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Furthermore, mathematical analysis (such as determining the average or median) is not in itself a meaningful method of using the data referred to below.

In performing the financial analyses summarized below and in arriving at its opinion, Morgan Stanley utilized and relied upon certain non-public financial projections provided by the managements of Freescale and NXP and referred to below. In certain instances, the projections were extrapolated for future periods not accounted for in the projections provided by the managements of Freescale and NXP. For further information regarding these financial projections, see the section entitled "Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor."

**Table of Contents*****Public Trading Valuation Analysis***

Morgan Stanley performed a public trading valuation analysis, which is designed to provide an implied public trading valuation of a company by comparing representative trading multiples of companies engaged in a similar business. Morgan Stanley compared certain financial information of Freescale with comparable publicly available estimates for selected semiconductor companies that share similar business characteristics and have certain comparable operating characteristics including, among other things, similarly sized revenue and/or revenue growth rates, market capitalizations, profitability, scale and/or other similar operating characteristics. These companies were the following:

Analog Devices, Inc.

Atmel Corporation

Avago Technologies Limited

Broadcom Corporation

Maxim Integrated Products, Inc.

Microchip Technology Incorporated

NXP

Texas Instruments Incorporated

For purposes of this analysis, Morgan Stanley analyzed the ratio of aggregate value (AV) which Morgan Stanley defined as fully diluted market capitalization plus total debt less cash and cash equivalents, to estimates of calendar year 2015 future EBITDA of each of the comparable companies. In addition to the comparable companies, Morgan Stanley also reviewed the current and historical AV to EBITDA multiples of Freescale. Based on its analysis of the relevant metrics for each of the comparable companies and Freescale, and upon the application of its professional judgment and experience, Morgan Stanley selected a representative range of 10.5x to 13.5x AV to EBITDA and applied this range of multiples to the estimated EBITDA for Freescale in each case as shown below and as further described in the section entitled "Certain Financial Projections Utilized by the Freescale Board and Freescale's Financial Advisor."

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case	\$23.25	\$34.00
Freescale 7% Growth / 26% Margin Case	\$25.25	\$36.50
Freescale 0% Growth / 17% Margin Case	\$3.00	\$8.00

(1) Per share amounts rounded to the nearest \$0.25.

No company utilized in the public trading valuation analysis is identical to Freescale. In evaluating comparable companies, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, economic, market and financial conditions, and other matters, many of which are beyond the control of Freescale, such as the impact of competition on the businesses of Freescale and the industry generally, industry growth and the absence of any adverse material change in the financial condition and prospects of Freescale.

*Discounted Equity Valuation Analysis*

Morgan Stanley performed a discounted equity value analysis, which is designed to provide insight into the estimated future value of a company's equity price per share as a function of its estimated future EBITDA and price to earnings ratios. The resulting values are subsequently discounted to arrive at a range of present values for the company's price per share.

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Morgan Stanley performed an analysis of the present value per Freescale common share of implied future trading prices based on a range of calendar year 2020 EBITDA ratios of 10.5x to 13.5x, which range was selected by Morgan Stanley in the application of its professional judgment and experience. For purposes of this analysis, Freescale was considered as a standalone entity. The valuation range was determined by using projections from the Freescale Street Case, Freescale 7% Growth / 26% Margin Case and Freescale 0% Growth / 17% Margin Case. Morgan Stanley then calculated what the current price of Freescale common shares would be if this future share price was discounted back to February 28, 2015, using a 10.1% discount rate. Morgan Stanley selected this discount rate based on the application of its professional judgment and experience and Freescale's long-term average cost of equity.

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case	\$ 33.75	\$43.25
Freescale 7% Growth / 26% Margin Case	\$ 41.25	\$53.00
Freescale 0% Growth / 17% Margin Case	\$ 19.50	\$27.00

(1) Per share amounts rounded to the nearest \$0.25.

Morgan Stanley performed a separate analysis of the present value per Freescale common share of implied future trading prices based on a range of calendar year 2020 EBITDA ratios of 10.5x to 13.5x (which range was selected by Morgan Stanley in the application of its professional judgment and experience) for the combination of Freescale and NXP. For purposes of this analysis, Morgan Stanley assumed that (i) following the completion of the merger, holders of Freescale common shares owned 31.8% of the combined company based on an exchange ratio of 0.3521x NXP ordinary shares for each Freescale common share; and (ii) the combined company achieved the synergy assumptions provided by NXP and Freescale in calendar year 2015 (and assuming that the full amount of initial synergies were achieved in the first year), with future synergies growing in line with operating expenses thereafter. The valuation range was determined by using projections from (i) the Freescale Street Case and the NXP Street Case; (ii) the Freescale 7% Growth / 26% Margin Case and the NXP Management Case; and (iii) the Freescale 0% Growth / 17% Margin Case and the NXP Cycle Case. Morgan Stanley then calculated what the current price of Freescale common shares would be if this future share price was discounted back to February 28, 2015, using a 9.4% discount rate and including the \$6.25 per Freescale common share to be received in the merger. Morgan Stanley selected this discount rate based on the application of its professional judgment and experience and NXP's cost of equity.

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case and NXP Street Case	\$ 41.00	\$50.00
Freescale 7% Growth / 26% Margin Case and NXP Management Case	\$ 46.50	\$57.00
Freescale 0% Growth / 17% Margin Case and NXP Cycle Case	\$ 31.50	\$39.00

(1) Per share amounts rounded to the nearest \$0.25.

Morgan Stanley performed an analysis of the present value per Freescale common share of implied future trading prices based on a range of calendar year 2020 price to earnings ratios of 14.5x to 19.5x, which range was selected by Morgan Stanley in the application of its professional judgment and experience. For purposes of this analysis, Freescale was considered as a standalone entity. The valuation range was determined by using projections from the Freescale Street Case, Freescale 7% Growth / 26% Margin Case and Freescale 0% Growth / 17% Margin Case. Morgan Stanley then calculated what the current price of Freescale common shares would be if this future share price was discounted back to February 28, 2015, using a 10.1% discount rate. Morgan Stanley selected this discount rate based on the application of its professional judgment and experience and Freescale's long-term average cost of equity.

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case	\$ 25.25	\$34.00
Freescale 7% Growth / 26% Margin Case	\$ 32.75	\$44.00
Freescale 0% Growth / 17% Margin Case	\$ 19.00	\$25.50

(1) Per share amounts rounded to the nearest \$0.25.

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Morgan Stanley performed a separate analysis of the present value per Freescale common share of implied future trading prices based on a range of calendar year 2020 price to earnings ratios of 14.5x to 19.5x (which range was selected by Morgan Stanley in the application of its professional judgment and experience) for the combination of Freescale and NXP. For purposes of this analysis, Morgan Stanley assumed that (i) following the completion of the merger, holders of Freescale common shares owned 31.8% of the combined company based on an exchange ratio of 0.3521x NXP ordinary shares for each Freescale common share; and (ii) the combined company achieved the synergy assumptions provided by NXP and Freescale in calendar year 2015 (and assuming that the full amount of initial synergies were achieved in the first year), with future synergies growing in line with operating expenses thereafter. The valuation range was determined by using projections from (i) the Freescale Street Case and the NXP Street Case; (ii) the Freescale 7% Growth / 26% Margin Case and the NXP Management Case; and (iii) the Freescale 0% Growth / 17% Margin Case and the NXP Cycle Case. Morgan Stanley then calculated what the current price of Freescale common shares would be if this future share price was discounted back to February 28, 2015, using a 9.4% discount rate and including the \$6.25 per Freescale common share to be received in the merger. Morgan Stanley selected this discount rate based on the application of its professional judgment and experience and NXP's cost of equity.

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case and NXP Street Case	\$ 36.00	\$46.25
Freescale 7% Growth / 26% Margin Case and NXP Management Case	\$ 40.00	\$51.75
Freescale 0% Growth / 17% Margin Case and NXP Cycle Case	\$ 28.50	\$36.25

(1) Per share amounts rounded to the nearest \$0.25.

**Discounted Cash Flow Analysis**

Morgan Stanley performed a discounted cash flow analysis, which is designed to provide an implied value of a company by calculating the present value of the estimated future cash flows and terminal value of the company. Morgan Stanley calculated ranges of equity values per Freescale common share based on discounted cash flow analyses until December 31, 2020. For purposes of this analysis, Freescale was considered as a standalone entity. Morgan Stanley relied on the Freescale Street Case, Freescale 7% Growth / 26% Margin Case and Freescale 0% Growth / 17% Margin Case for fiscal years 2015 to 2020 and used the following assumptions: (i) a 30% tax rate in the terminal year; and (ii) stock-based compensation as a cash expense. Morgan Stanley then calculated a range of implied values of Freescale by calculating a range of the present values of Freescale's free cash flows for the period from February 28, 2015, through December 31, 2020, and a terminal value based on a terminal perpetual growth rate ranging from 2.0% to 3.0%. Morgan Stanley selected these terminal perpetual growth rates based on the application of its professional judgment and experience. The free cash flows and terminal values were discounted to present values as of February 28, 2015, at a range of discount rates of 7.9% to 9.9% (which range was selected in Morgan Stanley's professional judgment and experience) to reflect Freescale's weighted average cost of capital. These calculations resulted in the following ranges:

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case	\$ 23.50	\$41.00
Freescale 7% Growth / 26% Margin Case	\$ 34.00	\$56.50
Freescale 0% Growth / 17% Margin Case	\$ 12.00	\$25.50

(1) Per share amounts rounded to the nearest \$0.25.

Morgan Stanley calculated separate ranges of equity values per Freescale common share based on discounted cash flow analyses until December 31, 2020, for a combination of Freescale and NXP. Morgan Stanley relied on (i) the Freescale Street Case and the NXP Street Case; (ii) the Freescale 7% Growth / 26% Margin Case and the NXP Management Case; and (iii) the Freescale 0% Growth / 17% Margin Case and the NXP Cycle Case. In addition, Morgan Stanley used the following assumptions: (i) a 30% tax rate in the terminal year; (ii) stock-based compensation as a cash expense; (iii) following the completion of the merger, holders of

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Freescale common shares owned 31.8% of the combined company based on an exchange ratio of 0.3521x NXP ordinary shares for each Freescale common share; and (iv) the combined company achieved the synergy assumptions provided by NXP and Freescale in calendar year 2015 (and assuming that the full amount of initial synergies were achieved in the first year), with future synergies growing in line with operating expenses thereafter. Morgan Stanley then calculated a range of implied values of Freescale by calculating a range of the present values of Freescale's free cash flows for the period from February 28, 2015, through December 31, 2020, and a terminal value based on a terminal perpetual growth rate ranging from 2.0% to 3.0%. Morgan Stanley also calculated a range of implied aggregate values of NXP by calculating a range of the present values of NXP's free cash flows for the period from February 28, 2015, through December 31, 2020, and a terminal value based on a terminal perpetual growth rate ranging from 2.0% to 3.0%. Morgan Stanley selected these terminal perpetual growth rates based on the application of its professional judgment and experience. The pro forma discounted cash flow range was calculated as the sum of Freescale's standalone discounted cash flow and NXP's standalone discounted cash flow and the present value of synergies. The free cash flows and terminal values were discounted to present values as of February 28, 2015, at a range of discount rates of 7.7% to 9.7% (which range was selected in Morgan Stanley's professional judgment and experience) and including the \$6.25 per Freescale common share to be received in the merger. These calculations resulted in the following ranges:

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case and NXP Street Case	\$ 36.75	\$56.50
Freescale 7% Growth / 26% Margin Case and NXP Management Case	\$ 41.50	\$64.00
Freescale 0% Growth / 17% Margin Case and NXP Cycle Case	\$ 26.75	\$42.25

(1) Per share amounts rounded to the nearest \$0.25.

**Precedent Transactions Analysis**

*Precedent Multiples.* Morgan Stanley performed a precedent transactions analysis, which is designed to imply a value of a company based on publicly available financial terms and premia of selected transactions that share some characteristics with the merger. In connection with its analysis, Morgan Stanley compared publicly available statistics for selected semiconductor technology transactions. The transactions reviewed and the date that each transaction was announced were as follows:

<b>Date Announced</b>	<b>Acquiror</b>	<b>Target</b>
8/20/2014	Infineon Technologies AG	International Rectifier Corporation
6/9/2014	Analog Devices, Inc.	Hittite Microwave Corporation
5/20/2014	Cobham plc	Aeroflex Holding Corp.
2/24/2014	RF Micro Devices, Inc.	TriQuint Semiconductor, Inc.
12/16/2013	Avago Technologies Limited	LSI Corporation
4/4/2011	Texas Instruments Incorporated	National Semiconductor Corporation

For each transaction listed above, Morgan Stanley noted the ratio of AV of the transaction to the target company's next twelve months (NTM) EBITDA.

Based on the analysis of the relevant metrics and time frame for each transaction listed above, Morgan Stanley selected a representative range of AV/NTM EBITDA multiples of 10.0x to 15.0x and applied these ranges of multiples to Freescale's calendar 2015 EBITDA forecasts.

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The ranges of implied values per Freescale common share were:

	<b>Range<sup>(1)</sup></b>	
Freescale Street Case	\$ 21.50	\$39.25
Freescale 7% Growth / 26% Margin Case	\$ 23.25	\$42.00
Freescale 0% Growth / 17% Margin Case	\$ 2.00	\$10.75

(1) Per share amounts rounded to the nearest \$0.25.

*Precedent Premia.* Based on the 25th and 75th percentile of the selected precedent technology transactions from January 1, 2011, to February 28, 2015, greater than \$300 million, Morgan Stanley noted the high and low trading premia to the target company's 1-day spot premium, 30-day average premium and last twelve month (LTM) high premium. For purposes of this analysis, Morgan Stanley considered Freescale's trading price as of February 12, 2015, the last trading day before public speculation that Freescale was exploring a sale.

This analysis indicated the following:

	<b>Freescale Price</b>	<b>Precedent Premia</b>		<b>Range<sup>(1)</sup></b>	
		<b>25th</b>	<b>75th Percentile</b>		
1-Day Spot Premium	\$ 34.70	18%	42%	\$ 41.00	\$49.25
30-Day Average Premium	\$ 28.64	25%	51%	\$ 35.75	\$43.25
LTM High Premium	\$ 34.70	(6%)	19%	\$ 32.50	\$41.25

(1) Per share amounts rounded to the nearest \$0.25.

*Additional Information.* No company or transaction utilized in the precedent transactions analysis is identical to Freescale or the merger. In evaluating the precedent transactions, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, market and financial conditions and other matters that are beyond the control of Freescale, such as the impact of competition on the business of Freescale or its industry generally, industry growth and the absence of any adverse material change in the financial condition of Freescale or its industry or in the financial markets in general, all of which could affect the public trading value of the companies and the aggregate value and equity value of the transactions to which they are being compared. Morgan Stanley considered a number of factors in analyzing the implied merger consideration. That points in the range of implied present values per Freescale common share derived from the valuation of precedent transactions were less than or greater than the implied merger consideration is not necessarily dispositive in connection with Morgan Stanley's analysis of the implied merger consideration, but one of many factors that Morgan Stanley considered.

**Historical Trading Ranges Analysis**

Morgan Stanley performed a trading range analysis with respect to the historical share prices of Freescale common shares. Morgan Stanley reviewed the range of closing prices of Freescale common shares for various periods ending on February 27, 2015. Morgan Stanley also reviewed the historical trading multiples for Freescale. Morgan Stanley observed the following:

<b>Period Ending February 27, 2015</b>	<b>Range of Closing Prices</b>	
Last Three Months	\$ 20.83	\$37.53
Last Twelve Months	\$ 15.55	\$37.53

**Analysts' Price Targets**

Morgan Stanley reviewed and analyzed future public market trading price targets for Freescale common shares prepared and published by equity research analysts prior to February 27, 2015. These future share price





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targets reflected each analyst's estimate of the future public market trading price of Freescale common shares and were not discounted to reflect present values. The range of undiscounted analysts' future share price targets for Freescale common shares was \$27.00 to \$45.00 per share as of February 27, 2015. In order to better compare the equity research analysts' future share price targets with the per share merger consideration, Morgan Stanley discounted the range of analysts' future share price targets for Freescale common shares for one year at a rate of 10.1%, which discount rate was selected based on Freescale's cost of equity. This analysis indicated an implied range of equity values for Freescale common shares of \$24.50 to \$40.75 per share (per share amounts rounded to the nearest \$0.25).

The public market trading price targets published by equity research analysts do not necessarily reflect current market trading prices for Freescale common shares, and these estimates are subject to uncertainties, including the future financial performance of Freescale and future financial market conditions.

***General***

In connection with the review of the merger by the Freescale board, Morgan Stanley performed a variety of financial and comparative analyses for purposes of rendering its opinion. The preparation of a financial opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Morgan Stanley considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor that it considered. Morgan Stanley believes that selecting any portion of its analyses, without considering all of the analyses as a whole, would create an incomplete view of the process underlying its analyses and opinion. In addition, Morgan Stanley may have given various analyses and factors more or less weight than other analyses and factors, and may have deemed various assumptions more or less probable than other assumptions. As a result, the ranges of valuations resulting from any particular analysis described above should not be taken to be Morgan Stanley's view of the actual value of Freescale or NXP. In performing its analyses, Morgan Stanley made judgments and assumptions with regard to industry performance, general business, regulatory, economic, market and financial conditions and other matters that are beyond the control of Freescale or NXP. These include, among other things, the impact of competition on the businesses of Freescale, NXP and the industry generally, industry growth, and the absence of any material adverse change in the financial condition and prospects of Freescale, NXP and the industry, and in financial markets in general. Any estimates contained in Morgan Stanley's analyses are not necessarily indicative of future results or actual values, which may be significantly more or less favorable than those suggested by such estimates.

Morgan Stanley conducted the analyses described above solely as part of its analysis of the fairness from a financial point of view the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement and in connection with the delivery of its opinion, dated March 1, 2015, to the Freescale board. These analyses do not purport to be appraisals or to reflect the prices at which Freescale common shares or NXP ordinary shares might actually trade.

The consideration to be received by the holders of Freescale common shares pursuant to the merger agreement was determined by Freescale and NXP through arm's length negotiations between Freescale and NXP and was approved by the Freescale board. Morgan Stanley acted as financial advisor to the Freescale board during these negotiations but did not recommend any specific consideration to Freescale or the Freescale board or opine that any specific amount or form of consideration constituted the only appropriate amount or form of consideration for the merger.

Morgan Stanley's opinion and its presentation to the Freescale board was one of many factors taken into consideration by the Freescale board in deciding to approve and adopt the merger agreement. Consequently, the analyses described above should not be viewed as determinative of the opinion of the Freescale board with respect to the consideration to be received by the holders of Freescale common shares pursuant to the merger agreement or of whether the Freescale board would have been willing to agree to a different form or amount of consideration. Morgan Stanley's opinion was approved by a committee of Morgan Stanley investment banking and other professionals in accordance with Morgan Stanley's customary practice.

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Morgan Stanley's opinion was not intended to, and does not, constitute advice or a recommendation to any holder of Freescale common shares or NXP ordinary shares as to how to vote at any shareholders' meetings to be held in connection with the merger. Morgan Stanley's opinion did not address any other aspect of the merger or related transactions, including the prices at which Freescale common shares or NXP ordinary shares would trade at any time in the future.

The Freescale board retained Morgan Stanley based upon Morgan Stanley's qualifications, experience and expertise. Morgan Stanley is a global financial services firm engaged in the securities, investment management and individual wealth management businesses. Its securities business is engaged in securities underwriting, trading and brokerage activities, foreign exchange, commodities and derivatives trading, prime brokerage, as well as providing investment banking, financing and financial advisory services. Morgan Stanley, its affiliates, directors and officers may at any time invest on a principal basis or manage funds that invest, hold long or short positions, finance positions, and may trade or otherwise structure and effect transactions, for their own account or for the accounts of their customers, in debt or equity securities or loans of Freescale, NXP, the sponsors or any other company, or any currency or commodity, that may be involved in the transactions contemplated by the merger agreement, or any related derivative instrument. In addition, Morgan Stanley, its affiliates, directors or officers, including individuals working with Freescale in connection with the merger, may have committed and may commit in the future to invest in private equity funds managed by the sponsors.

Under the terms of its engagement letter, Morgan Stanley provided the Freescale board with financial advisory services and a financial opinion in connection with the merger, described in this section and attached to this joint proxy statement/prospectus as Annex C, and Freescale has agreed to pay Morgan Stanley a fee for its services in an amount estimated, as of the date of Morgan Stanley's written opinion, to be approximately \$41.8 million, which is contingent upon the completion of the merger. Freescale has also agreed to reimburse Morgan Stanley for its reasonable expenses, including reasonable fees of outside counsel and other professional advisors, incurred in connection with its engagement. In addition, Freescale has agreed to indemnify Morgan Stanley and its affiliates, their respective directors, officers, agents and employees and each other person, if any, controlling Morgan Stanley or any of its affiliates against certain liabilities and expenses relating to or arising out of Morgan Stanley's engagement.

In the two years prior to the date of its opinion, Morgan Stanley and its affiliates have provided financing services to Freescale and NXP and have received aggregate fees of approximately \$3.0 million from Freescale and approximately \$11.9 million from NXP in connection with such services. In the two years prior to the date of its opinion, Morgan Stanley and its affiliates have provided financial advisory and financing services for the sponsors, and have received an aggregate of approximately \$39 million in connection with such services. In addition, Morgan Stanley and its affiliates have, in such time period, provided financial advisory and financing services to certain majority controlled affiliates and portfolio companies of each of the four sponsors and have received customary fees in connection with such services. Morgan Stanley is currently engaged on certain financing transactions (unrelated to the merger) for certain of the sponsors and certain majority controlled portfolio companies of the sponsors, for which it would expect to receive customary fees. Following the announcement of the merger, NXP approached Morgan Stanley and requested that Morgan Stanley make a debt financing commitment, along with seven other financial institutions, to fund a portion of the merger consideration. After Morgan Stanley's receipt of Freescale's consent, an affiliate of Morgan Stanley was engaged by NXP as joint lead arranger and joint bookrunner on the debt financing. Morgan Stanley provided a portion of the debt financing commitment, for which Morgan Stanley expects to receive customary fees at the completion of the merger. NXP approached Morgan Stanley about this engagement only after the merger agreement was signed. Morgan Stanley may seek to provide financial advisory and financing services to Freescale, NXP and the sponsors (including affiliates and portfolio companies of the sponsors) in the future and would expect to receive fees for the rendering of these services.

**Table of Contents****Interests of Certain Freescale Persons in the Merger**

When considering the recommendation of the Freescale board with respect to the merger, you should be aware that Freescale's executive officers and directors may have interests in the merger that are different from, or in addition to, those of Freescale shareholders generally. These interests may present such executive officers and directors with actual or potential conflicts of interest. The Freescale board was aware of these interests during its deliberations on the merits of the merger and in deciding to recommend that Freescale shareholders vote FOR the Freescale merger proposal at the Freescale special meeting.

***Acceleration of Vesting of Equity Awards upon a Qualifying Termination***

Freescale's executive officers have been granted stock options, restricted share units and performance-based restricted share units under the 2011 Omnibus Incentive Plan. Under the terms of the merger agreement, vested and unvested stock options will be converted into vested and unvested NXP stock options, unvested restricted share units will be converted into unvested NXP restricted share units and unvested performance-based restricted share units with performance periods that have not ended prior to the completion of the merger will be converted into unvested time-vesting NXP restricted share units (as adjusted based on performance through the closing date). Subject to certain exceptions, the awards granted under the 2011 Omnibus Incentive Plan generally provide that, in the event of the executive officer's termination by Freescale without cause (as defined in the 2011 Omnibus Incentive Plan) or by the executive officer for good reason (as defined in the executive officer's employment agreement or award agreement, as applicable) during the one-year period following the completion of the merger, the vesting of any such award, to the extent outstanding and unvested, will accelerate.

Awards granted to certain executive officers have terms that differ from the awards described above. Under the terms of one of the stock option awards granted to Mr. Gregg Lowe at the commencement of his employment in 2012, if Mr. Lowe's employment is terminated by Freescale without cause or by Mr. Lowe for good reason (as these terms are defined in the award agreement) within the nine-months preceding or two years following the completion of the merger, the vesting of such award, to the extent then unvested and outstanding, will accelerate. Under the terms of the performance-based restricted share unit award granted to Mr. Lowe at the commencement of his employment in 2012, if Mr. Lowe's employment is terminated by Freescale without cause or by Mr. Lowe for good reason (as these terms are defined in the award agreement) within the nine-months preceding or two years following the completion of the merger, the vesting of such award, to the extent then unvested and outstanding, will accelerate. Under the terms of Mr. Daniel Durn's make-whole cash award received at the commencement of his employment, upon a termination of employment other than for cause (as defined in the 2011 Omnibus Incentive Plan) within one year following the completion of the merger, the vesting of such award, to the extent then unvested and outstanding, will accelerate. Under the terms of the stock options and restricted share units granted to executive officers prior to April 2, 2013 (other than noted above with respect to Mr. Lowe), upon a termination of employment within one year following the completion of the merger, the vesting of such award, to the extent then unvested and outstanding, will accelerate. In addition, the awards granted to Mr. Hyzak on or after April 2, 2013, Mr. Brandon Tolany on or after April 2, 2013 but prior to October 5, 2013, Ms. Jennifer B. Wuamett on or after April 2, 2013 but prior to February 5, 2014, Mr. Paul Hart on or after April 2, 2013 but prior to June 5, 2014, and Mr. Keivan Keshvari on or after April 2, 2013, provide that, in the event of the executive officer's termination by Freescale without cause (as defined in the 2011 Omnibus Incentive Plan) during the one-year period following the completion of the merger, the vesting of any such award, to the extent outstanding and unvested, will accelerate; except that, for the avoidance of doubt, a qualifying termination of employment will not include a termination by the executive officer for good reason.

The award agreements described above also contain restrictive covenants regarding confidential information, non-solicitation and non-competition that are effective following termination. If an executive officer breaches any of these covenants during the one-year period following the date of termination for awards granted prior to January 5, 2014, or the two-year period following the date of termination for awards granted on or after January 5, 2014, any vested portion of the award and any shares acquired pursuant to the award will be forfeited

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and any proceeds from the sale of those shares must be immediately repaid. The award agreements for awards granted to Messrs. Hyzak and Keshvari as well as the award agreements for awards granted to Mr. Tolany prior to October 5, 2013, Ms. Wuamett prior to February 5, 2014, Mr. Hart prior to June 5, 2014 do not contain these forfeiture provisions.

**Summary Table**

The following table sets forth the value of the acceleration of equity-based awards that each of Freescale's executive officers would receive in connection with the merger, assuming the completion of the merger occurred on December 31, 2015, and the employment of Freescale's executive officers was terminated by Freescale other than for cause immediately following the completion of the merger on such date, based on a price of \$40.266 per share with respect to Freescale common shares (the average per share closing price of Freescale common shares over the first five business days following March 1, 2015). The actual value of the acceleration of equity-based awards will depend on the per share price of NXP ordinary shares on the termination date (which is not determinable at this time), and therefore, the actual value of the acceleration of equity-based awards may be different than the estimated below. The amounts shown do not attempt to forecast any grants, dividends, deferrals or forfeitures, and depending upon when the closing date occurs, certain of the equity-based awards in the table may vest in accordance with their terms.

<b>Executive Officer<sup>(1)</sup></b>	<b>Value of Acceleration of Equity Awards upon a Qualifying Termination<sup>(2)</sup></b>
Gregg A. Lowe	\$ 50,520,878
Daniel Durn	\$ 8,772,378
James Bates	\$ 8,950,276
Robert J. Conrad	\$ 8,953,276
Thomas L. Deitrich	\$ 10,870,753
Jeffrey R. Elson	\$ 6,598,310
Paul Hart	\$ 2,100,580
Randy A. Hyzak	\$ 2,795,826
Keivan Keshvari	\$ 3,327,117
Geoffrey Lees	\$ 8,065,189
David W. Reed	\$ 9,029,552
Brandon Tolany	\$ 5,802,331
Jennifer B. Wuamett	\$ 4,328,969

(1) Alan Campbell and Ritu Favre, who served as executive officers in 2014, have been excluded from this table because their employment ceased prior to the filing of this joint proxy statement/prospectus and neither would be entitled to any accelerated vesting under the assumptions of this table.

(2) In addition to the values set forth above, the following amounts represent the value, using the price assumptions set forth above, with respect to each executive officer, of equity awards expected to vest in accordance with their terms between the date of the initial filing of this joint proxy statement/prospectus and December 31, 2015: Gregg A. Lowe (\$14,116,625); Daniel Durn (\$1,775,726); James Bates (\$1,678,806); Robert J. Conrad (\$1,681,806); Thomas L. Deitrich (\$1,654,504); Jeffrey R. Elson (\$1,555,517); Paul Hart (\$269,947); Randy A. Hyzak (\$416,335); Keivan Keshvari (\$614,193); Geoffrey Lees (\$835,734); David W. Reed (\$2,231,279); Brandon Tolany (\$437,347); and Jennifer B. Wuamett (\$294,679).

***Change in Control Termination Benefits***

In general, Freescale executive officers are entitled to severance compensation and benefits if the executive officer's employment is terminated, under the circumstances described below, following (or, in the case of Mr. Deitrich, upon a termination by Freescale other than for cause preceding) a change in control (which will occur upon the completion of the merger).

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### Employment Agreements

Freescale has employment agreements with Messrs. Lowe and Deitrich. All other executive officers, except Mr. Hyzak, are covered by the Freescale severance plan.

*Mr. Lowe.*

Under the terms of Mr. Lowe's employment agreement, Mr. Lowe will receive severance compensation and benefits if there is a change in control (as defined in the employment agreement) and Mr. Lowe experiences a qualifying termination.

For purposes of Mr. Lowe's employment agreement, a qualifying termination means a termination of Mr. Lowe's employment within the two-year period following the completion of the merger, either by Freescale without cause (as defined in his employment agreement) or by Mr. Lowe for good reason. Good reason, for purposes of Mr. Lowe's employment agreement, means:

a material reduction in base salary or a material reduction in target bonus as a percentage of base salary (excluding, in each case any across-the-board reductions affecting similarly situated executives);

a material reduction in the aggregate level of employee benefits made available to Mr. Lowe when compared to the benefits made available to him at any time during the term of his employment agreement, unless such reduction is applicable to senior officers generally;

the removal of Mr. Lowe from his position as the President and Chief Executive Officer of Freescale;

a material diminution in Mr. Lowe's duties or responsibilities as the President and Chief Executive Officer of Freescale (other than due to a physical or mental incapacity) ;

a material change in Mr. Lowe's reporting relationship that is inconsistent with reporting to the Freescale board;

a relocation of the principal location of employment to any office or location more than 75 miles from the location of Freescale's office in Austin, Texas (other than to the extent agreed to or requested by Mr. Lowe); or

a material failure of Freescale to comply with the terms of Mr. Lowe's employment agreement.

The principal severance compensation and benefits under Mr. Lowe's employment agreement, upon a qualifying termination in connection with the merger, are:

lump sum severance payment equal to three times the sum of Mr. Lowe's base salary and target bonus on the date of termination payable within 10 days following the date of termination;

lump sum payment of the prorated portion of his annual bonus based on actual performance in the year of termination, payable when such annual bonus would otherwise be paid; and

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medical and life insurance benefits over a period of three years following termination or until covered under a similar plan, if earlier. In addition to the compensation and benefits set forth above, subject to an effective release of claims, Mr. Lowe would be entitled to the remaining portion of his make-whole cash award equal to \$2,000,000 if his employment is terminated by Freescale without cause (as defined in Mr. Lowe's employment agreement) or by Mr. Lowe for good reason (as defined in Mr. Lowe's employment agreement) prior to the make-whole cash award payment date of July 1, 2015.

In the event any payments or benefits received by Mr. Lowe in connection with the merger would be subject to excise taxes imposed under Section 4999 of the Internal Revenue Code of 1986, as amended, which we refer to in this joint proxy statement/prospectus as the Code, the amount of such payments or benefits provided to Mr. Lowe will be reduced but only to the extent such reduction results in a greater after-tax benefit to Mr. Lowe.

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Under the terms of his employment agreement, Mr. Lowe is also subject to restrictive covenants, including non-recruitment, non-competition and non-solicitation covenants, that remain in effect for the two-year period following the his qualifying termination in connection with the merger. Mr. Lowe is also subject to a confidentiality provision.

*Mr. Deitrich.*

Under the terms Mr. Deitrich's employment agreement, Mr. Deitrich will receive severance compensation and benefits if there is a change in control (as defined in his employment agreement) and Mr. Deitrich experiences a qualifying termination.

For purposes of Mr. Deitrich's employment agreement, a qualifying termination means a termination of Mr. Deitrich's employment within the six-month period preceding completion of the merger by Freescale without cause (as defined in the employment agreement) or the one-year period following completion of the merger, either by Freescale without cause (as defined in the employment agreement) or by Mr. Deitrich for good reason. Good reason, for purposes of Mr. Deitrich's employment agreement, means:

a material reduction in Mr. Deitrich's base salary or a material reduction in target bonus as a percentage of base salary unless the base salary or target bonus of all senior executives is reduced by a similar percentage or amount as part of company-wide cost reductions;

a material reduction in the aggregate level of employee benefits made available to Mr. Deitrich when compared to the benefits made available to him at any time during the term of his employment agreement, unless such reduction is applicable to senior executives generally;

a material diminution in Mr. Deitrich's duties or responsibilities (other than due to a physical or mental incapacity);

a relocation of the principal location of employment to any office or location more than 35 miles from Freescale's principal headquarters in Austin, Texas (other than to the extent not materially adverse or agreed to or requested by Mr. Deitrich); or

a failure by Freescale to cause any successor to assume and perform Mr. Deitrich's employment agreement, provided that Mr. Deitrich is willing and able to execute a new contract, providing terms and conditions substantially similar to those in his current employment agreement, and Mr. Deitrich is willing and able to continue providing services.

The principal severance compensation and benefits under Mr. Deitrich's employment agreement, upon a qualifying termination in connection with the merger, include:

lump sum severance payment equal to two times the sum of Mr. Deitrich's base salary and target bonus on the date of termination, payable within 10 days following the date of termination;

lump sum payment of the prorated portion of his annual bonus at Mr. Deitrich's annual bonus target if termination occurs in the first quarter of the year and based on Freescale's performance through the fiscal quarter preceding the date of termination if termination occurs after the first quarter, within 10 days following the date of termination; and

except in the case of a qualifying termination in the six-month period preceding the completion of the merger, medical and life insurance benefits over a period of two years following termination.

Mr. Deitrich's employment agreement contains a tax reimbursement provision in the event of a change in control, such as the merger. However, if it is determined that the tax reimbursement payment does not exceed 110% of the safe harbor amount, which equals the maximum payment that Mr. Deitrich may receive without the payment constituting an excess parachute payment within the meaning of Section 280G of the Code,



then no tax reimbursement payment will be made and the amounts payable in connection with the merger will be reduced

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so that the payment equals the safe harbor amount; except that only amounts payable under Mr. Deitrich's employment agreement and summarized above may be reduced under the tax reimbursement provision and if such reduction does not reduce all payments below the safe harbor amount then no reduction will be made.

Under the terms of his employment agreement, Mr. Deitrich is subject to restrictive covenants, including non-recruitment, non-competition and non-solicitation covenants, that remain in effect for the 18-month period following his qualifying termination in connection with the merger. Mr. Deitrich is also subject to a confidentiality provision.

### Executive Severance Plan for Senior Vice Presidents

Under the terms of the Freescale severance plan, each executive officer at the Senior Vice President level who is not party to an employment agreement will receive severance compensation and benefits in the event there is a change in control (as defined in the Freescale severance plan) and the executive officer experiences a qualifying termination.

For purposes of the Freescale severance plan, a qualifying termination means a termination of the executive officer's employment within the two-year period following completion of the merger, either by Freescale without cause (as defined in the Freescale severance plan) or by the executive officer for good reason. Good reason, for purposes of the Freescale severance plan, means:

a material reduction in the executive officer's base salary or target bonus opportunity;

a material reduction in the aggregate level of employee benefits made available to the executive officer when compared to the benefits made available to the executive officer immediately prior to such reduction;

material diminution in the executive officer's duties or responsibilities (other than due to a physical or mental incapacity) as an executive officer without the executive officer's consent; or

relocation of the principal location of employment to any office or location more than 75 miles from the principal headquarters to which the executive officer reports (other than to the extent agreed to or requested by the executive officer).

The principal severance compensation and benefits under the Freescale severance plan, upon a qualifying termination in connection with the merger and subject to an effective release of claims, are:

lump sum severance payment equal to one and one-half times the sum of the executive officer's base salary and target bonus on the date of termination, payable within 60 days following the date of termination;

lump sum payment of the prorated portion of the executive officer's bonus for the performance period based on actual performance in the performance period, payable when such annual bonus would otherwise be paid; and

medical and life insurance benefits over a period of 18 months following termination or until covered under a similar plan, if earlier. In the event any payments or benefits received by an executive officer in connection with the merger would be subject to excise taxes imposed under Section 4999 of the Code, the amount of such payments or benefits provided to the executive officer will be reduced, but only to the extent such reduction results in a greater after-tax benefit to the executive officer.

Under the Freescale severance plan, executive officers are subject to restrictive covenants, including non-recruitment, non-competition and non-solicitation covenants, that remain in effect for the 18-month period following the executive officer's qualifying termination in connection with the merger. Executive officers are also subject to a confidentiality provision.



**Table of Contents****Treatment of Freescale Director Compensation**

The independent members of the Freescale board receive, as part of their compensation for serving on the Freescale board, restricted share units with respect to Freescale common shares, which fully vest on the earlier to occur of the first anniversary of the date of grant or the next annual general meeting of shareholders. Independent members of the Freescale board are also expected to receive an additional grant of restricted share units, which will vest upon the earlier to occur of the next annual general meeting of shareholders, the first anniversary of the grant date of the award or immediately prior to the merger. The numbers set forth in the table below include the number of restricted share units held by independent directors as of the date hereof, unvested options to purchase Freescale common shares held by independent directors as of the date hereof and the restricted share units expected to be received on May 5, 2015 (assuming conversion of the \$200,000 value of each award into restricted share units at a price per share of \$40.266, the average per share closing price of Freescale common shares over the first five business days following March 1, 2015). The value of the May 5, 2015, restricted share unit grant to Messrs. Krishnan Balasubramanian and Daniel J. Heneghan and Ms. Joanne M. Maguire includes an additional prorated amount equal to \$66,667 to compensate them for the four months between the historical grant date in January and the new grant date at the 2015 annual general meeting of shareholders.

Director <sup>(1)</sup>	Restricted Share Units	Unvested Options
Krishnan Balasubramanian	6,622	
Chinh E. Chu		
D. Mark Durcan	11,991	
Daniel J. Heneghan	8,042	6,406
Thomas Lister		
Joanne M. Maguire	6,622	
John W. Marren		
James A. Quella	12,772	
Peter Smitham		
Gregory L. Summe	12,772	
Claudius E. Watts IV		

- (1) J. Daniel McCranie, who served as a director of Freescale in 2014, has been excluded from this table because his board service ceased prior to the filing of this joint proxy statement/prospectus, he does not continue to hold Freescale restricted share units or unvested options and he would not be entitled receive the restricted share units expected to be issued on May 5, 2015.

**Compensation Related to the Merger**

The following table sets forth the information required by Item 402(t) of Regulation S-K, regarding the compensation for Freescale's named executive officers (as identified in accordance with SEC regulations) based on the proposed merger, assuming that the proposed merger is completed on December 31, 2015 (the latest practicable date, determined pursuant to Item 402(t) of Regulation S-K) and each of the named executive officers is terminated without cause on the same day.

The tabular disclosure set forth below assumes that each of the listed named executive officers is terminated without cause in connection with the proposed merger under circumstances that entitle such individual to severance payments and benefits as of December 31, 2015 (the latest practicable date, determined pursuant to Item 402(t) of Regulation S-K) and becomes entitled to accelerated vesting and/or payment in respect of all unvested equity-based awards held by such named executive officer on such date, based on a price of \$40.266 per share with respect to Freescale common shares (the average per share closing price of Freescale common shares over the first five business days following March 1, 2015, determined pursuant to Item 402(t) of Regulation S-K).

**Table of Contents****Golden Parachute Compensation Freescale**

Named Executive Officer <sup>(1)</sup>	Cash <sup>(2)</sup>	Equity <sup>(3)</sup>	Perquisites / Benefits <sup>(4)</sup>	Tax Reimbursement <sup>(5)</sup>	Total <sup>(6)</sup>
Gregg A. Lowe	\$ 8,538,750	\$ 50,520,878	\$ 58,508	\$	\$ 59,118,136
Daniel Durn	\$ 2,425,000	\$ 8,772,378	\$ 26,981	\$	\$ 11,224,359
James Bates	\$ 1,540,000	\$ 8,950,276	\$ 25,553	\$	\$ 10,515,829
Robert J. Conrad	\$ 1,610,000	\$ 8,953,276	\$ 26,826	\$	\$ 10,590,102
Thomas L. Deitrich	\$ 2,182,500	\$ 10,870,753	\$ 36,291	\$ 3,225,603	\$ 16,314,812

- (1) Alan Campbell, who was a named executive officer for purposes of Freescale's most recent annual proxy statement, has been excluded from this table because his employment ceased prior to filing of this joint proxy statement/prospectus, and as a result, he would not be entitled to any payments under the termination assumptions of this table.
- (2) *Cash.* As described above, this amount equals the lump sum severance payment provided to named executive officers experiencing a qualifying termination under either the terms of the named executive officer's employment agreement or the Freescale severance plan, as applicable, which equals the sum of one and one-half times (or three times, in the case of Mr. Lowe, or two times, in the case of Mr. Deitrich) the sum of the named executive officer's base salary and target bonus on the date of termination. Such amounts would be double trigger in nature. This amount also includes a lump sum payment of the prorated portion of the named executive officer's 2015 Second Half Bonus based on actual performance, assuming performance at target because actual performance could not be determined at the time of the filing of this joint proxy statement/prospectus. Such amounts would be double trigger in nature. For Mr. Durn, this amount also includes the remaining \$500,000 of his make-whole cash award received upon commencement of his employment which is payable upon a termination of employment within one year following the completion of the merger. Such amounts would be modified single trigger in nature. Set forth in the table below are the components of the cash payments the named executive officers would receive following a qualifying termination after a change in control on December 31, 2015.

In addition to the value set forth above, subject to an effective release of claims, Mr. Lowe would be entitled to the remaining portion of his make-whole cash award equal to \$2,000,000 if his employment is terminated by Freescale without cause (as defined in Mr. Lowe's employment agreement) or by Mr. Lowe for good reason (as defined in Mr. Lowe's employment agreement) prior to the make-whole cash award payment date of July 1, 2015.

Named Executive Officer	Multiple of Base Salary and Target Bonus	Prorated 2015 Second Half Bonus	Make-Whole Cash Award	Total
Gregg A. Lowe	\$ 7,762,500	\$ 776,250		\$ 8,538,750
Daniel Durn	\$ 1,650,000	\$ 275,000	\$ 500,000	\$ 2,425,000
James Bates	\$ 1,320,000	\$ 220,000		\$ 1,540,000
Robert J. Conrad	\$ 1,380,000	\$ 230,000		\$ 1,610,000
Thomas L. Deitrich	\$ 1,940,000	\$ 242,500		\$ 2,182,500

- (3) *Equity.* As described above, this amount includes the value of the acceleration of equity-based awards granted on or after April 2, 2013 (and certain awards granted to Mr. Lowe prior to April 2, 2013), upon termination of the named executive officer's employment by Freescale without cause (as defined in the 2011 Omnibus Incentive Plan) or by the named executive officer for good reason (as defined in the named executive officer's employment agreement or award agreement, as applicable) during the one-year period following the completion of the merger, based on a price of \$40.266 per share with respect to Freescale common shares (the average per share closing price of Freescale common shares over the first five business days following March 1, 2015). Such amounts would be double trigger in nature. The amount also includes the value of acceleration of equity-based awards granted prior to April 2, 2013, upon a termination of employment within one year following the completion of the merger, based on a price of \$40.266 per share with respect to Freescale common shares (the average per share closing price of Freescale common shares over the first five



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business days following March 1, 2015). Such amounts would be modified single trigger in nature. Set forth in the table below are the values of each type of equity-based award that would accelerate following a qualifying termination after a change in control on December 31, 2015. The actual value of the acceleration of equity-based awards will depend on the per share price of NXP common shares on the termination date (which is not determinable at this time), and therefore, the actual value of the acceleration of equity-based awards may be different than estimated. The amounts shown also do not attempt to forecast any grants, dividends, deferrals or forfeitures, and depending upon when the closing date occurs, certain of the equity-based awards in the table may vest in accordance with their terms.

Named Executive Officer	Stock Options	Restricted Share Units (RSUs)	Performance RSUs	Total
Gregg A. Lowe	\$ 21,015,403	\$ 9,535,834	\$ 19,969,641	\$ 50,520,878
Daniel Durn	\$ 2,275,982	\$ 4,664,172	\$ 1,832,224	\$ 8,772,378
James Bates	\$ 2,849,132	\$ 2,321,979	\$ 3,779,165	\$ 8,950,276
Robert J. Conrad	\$ 2,852,132	\$ 2,321,979	\$ 3,779,165	\$ 8,953,276
Thomas L. Deitrich	\$ 3,519,027	\$ 2,541,107	\$ 4,810,619	\$ 10,870,753

In addition to the values set forth above, the following amounts represent the value, using the price assumptions set forth above, with respect to each executive officer, of equity awards expected to vest in accordance with their terms between the date of the initial filing of this joint proxy statement/prospectus and December 31, 2015: Gregg A. Lowe (\$14,116,625); Daniel Durn (\$1,775,726); James Bates (\$1,678,806); Robert J. Conrad (\$1,681,806); and Thomas L. Deitrich (\$1,654,504).

- (4) *Perquisites/Benefits.* As described above, this amount equals the estimated value of medical and life insurance benefits over a period of 18 months following a named executive officer's qualifying termination (or, three years, in the case of Mr. Lowe, or two years, in the case of Mr. Deitrich). Such amounts would be double trigger in nature.
- (5) *Tax Reimbursements.* Based on the assumptions including a price per share and qualifying termination date as described above, no tax reimbursement is expected to be due to a named executive officer in connection with the other payments and benefits described in the table, except the tax reimbursement payment to Mr. Deitrich.
- (6) *Total.* This amount includes the aggregate dollar value of the sum of all amounts reported in the preceding columns. Double trigger payments include those identified as such in the Cash column, the Equity column and the Perquisites/Benefits column. Modified single trigger payments include those identified as such in the Cash column and the Equity column. In the event any payment or benefit received by a named executive officer, except for Mr. Deitrich, in connection with the merger would be subject to excise taxes imposed under Section 4999 of the Code, the amount of such payments or benefits provided would be reduced, but only to the extent such reduction results in a greater after tax benefit to the named executive officer.

**Directors and Officers Indemnification and Insurance**

Pursuant to the terms of the merger agreement, the surviving company will, and NXP will cause the surviving company to, indemnify and hold harmless, and promptly provide advancement of expenses to, the individuals who at any time prior to the effective time were directors or officers of Freescale or any of its present or former subsidiaries against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities in connection with actions or omissions occurring at or prior to the effective time (including the transactions contemplated by the merger agreement) to the fullest extent permitted by law and by the bye-laws of Freescale. After the effective time, NXP and the surviving company will fulfill and honor to the maximum extent permitted by applicable law, all rights to exculpation or indemnification for acts or omissions occurring prior to the effective time existing as of the effective time in favor of directors and officers of Freescale, its subsidiaries or any of their predecessors in their capacity as officers or directors and the heirs, executors, trustees, fiduciaries and administrators of such officer or director, as provided in Freescale's or each of its subsidiaries' respective memorandum of association and bye-laws (or comparable organizational or governing documents) or in any agreement.

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In addition, prior to the effective time, Freescale will, or, if Freescale is unable to, NXP will cause the surviving company as of the effective time to, obtain and fully pay the premium for the non-cancellable extension of the directors' and officers' liability coverage of Freescale's existing directors' and officers' insurance policies and existing fiduciary liability insurance policies, in each case for a claims reporting or discovery period of at least six years from and after the effective time with respect to any claim related to any period of time at or prior to the effective time from an insurance carrier with the same or better credit rating as Freescale's current insurance carrier with respect to directors' and officers' liability insurance in an amount and scope at least as favorable as Freescale's existing policies. If Freescale or the surviving company fails to obtain such tail insurance policies as of the effective time, the surviving company will either continue Freescale's current policies or provide comparable policies, in each case, for at least six years in an amount and scope at least as favorable as Freescale's existing policies, or, if substantially equivalent insurance coverage is unavailable, the best available coverage, except that NXP and the surviving company will not be required to pay an annual premium for the directors' and officers' liability insurance in excess of 300% of the annual premium currently paid by Freescale for such insurance.

### **Board of Directors and Management of the Combined Company Following Completion of the Merger**

At the completion of the merger, subject to NXP shareholders adopting the NXP director election proposals, the board of directors of the combined company is expected to include [NAME] and [NAME], in addition to the other directors on the NXP board immediately prior to the completion of the merger. See the section entitled "The Merger Agreement Governance of the Combined Company Following Completion of the Merger."

Mr. Richard L. Clemmer, the President and Chief Executive Officer of NXP, will continue as the President and Chief Executive Officer of the combined company following completion of the merger.

### **Certain U.S. Federal Income Tax Consequences of the Merger**

The following discussion summarizes certain U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Freescale common shares that exchange their Freescale common shares for the merger consideration consisting of NXP ordinary shares and cash.

This discussion does not address any tax consequences arising under the laws of any state, local or foreign jurisdiction, or under any U.S. federal laws other than those pertaining to income tax. This discussion is based upon the Code, the Treasury regulations promulgated under the Code and court and administrative rulings and decisions, all as in effect on the date of this joint proxy statement/prospectus. Each of the foregoing may change, possibly retroactively, and any change could affect the accuracy of the statements and conclusions set forth in this discussion.

This discussion addresses only those holders of Freescale common shares that hold their shares as a capital asset (generally, property held for investment). Further, this discussion does not address all aspects of U.S. federal income taxation that may be relevant to holders of Freescale common shares in light of their particular circumstances or that may be applicable to them if they are subject to special treatment under the U.S. federal income tax laws, including, without limitation:

a bank or other financial institution;

a tax-exempt organization;

an S corporation or other pass-through entity;

an insurance company;

a mutual fund;



a regulated investment company or real estate investment trust;

a dealer or broker in stocks and securities, or currencies;

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a trader in securities that elects mark-to-market treatment;

a person subject to the alternative minimum tax;

a person that received Freescale common shares through the exercise of an employee stock option, pursuant to a tax qualified retirement plan or otherwise as compensation;

a person that is not a U.S. holder (as defined below);

a person that has a functional currency other than the U.S. dollar;

a person that holds shares as part of a hedge, straddle, constructive sale, conversion or other integrated transaction;

a U.S. expatriate; or

a dissenting shareholder.

The determination of the actual tax consequences of the merger to a holder of Freescale common shares will depend on the holder's specific situation. Holders of Freescale common shares should consult their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.

For purposes of this discussion, the term "U.S. holder" means a beneficial owner of Freescale common shares that is for U.S. federal income tax purposes:

an individual citizen or resident of the United States;

a corporation, including any entity treated as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

a trust if (a) a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (b) it has a valid election in effect under applicable Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

The U.S. federal income tax consequences of the merger to a partner in an entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds Freescale common shares generally will depend on the status of the partner and the activities of the partnership. Partners in a partnership holding Freescale common shares should consult their own tax advisors.

***Consequences of the Merger Generally***

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The receipt of NXP ordinary shares and cash in exchange for Freescale common shares in the merger generally will be a taxable transaction for U.S. federal income tax purposes. A U.S. holder who receives NXP ordinary shares and cash in the merger generally will recognize capital gain or loss equal to the difference, if any, between (1) the sum of the fair market value of NXP ordinary shares and cash, including any cash received in lieu of fractions of NXP ordinary shares received in the merger, and (2) such holder's adjusted tax basis in its Freescale common shares exchanged therefor. Gain or loss and holding period will be determined separately for each block of Freescale common shares (that is, shares acquired at the same cost in a single transaction, exchanged in the merger). Any capital gain or loss will be long-term capital gain or loss if the U.S. holder's holding period for its Freescale common shares is more than one year at the time of the merger. Currently, long-term capital gain for non-corporate taxpayers is taxed at preferential U.S. federal income tax rates. If the U.S. holder has held its Freescale common shares for one year or less at the time of the merger, any capital gain or loss will be short-term capital gain or loss. The deductibility of capital losses is subject to certain limitations.

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A U.S. holder's aggregate tax basis in its NXP ordinary shares received in the merger will equal the fair market value of such shares at the effective time of the merger, and the holder's holding period for such shares will begin on the day after the merger.

### ***Information Reporting and Backup Withholding***

Information reporting and backup withholding may apply to payments made in connection with the merger. Backup withholding will not apply, however, to a holder of Freescale common shares who (1) furnishes a correct taxpayer identification number, which we refer to in this joint proxy statement/prospectus as a TIN, certifies that such holder is not subject to backup withholding on the Internal Revenue Service Form W-9 (or appropriate successor form) included in the letter of transmittal that such holder will receive, and otherwise complies with all applicable requirements of the backup withholding rules; or (2) provides proof that such holder is otherwise exempt from backup withholding. Backup withholding is not an additional tax, and any amounts withheld under the backup withholding rules may be refunded or credited against a holder's U.S. federal income tax liability, if any, provided that such holder furnishes the required information to the Internal Revenue Service in a timely manner. The Internal Revenue Service may impose a penalty upon any taxpayer that fails to provide the correct TIN.

**This summary of certain U.S. federal income tax consequences of the merger to holders of Freescale common shares is not tax advice. The determination of the actual tax consequences of the merger to a holder of Freescale common shares will depend on the holder's specific situation. Holders of Freescale common shares should consult their own tax advisors as to the tax consequences of the merger in their particular circumstances, including the applicability and effect of the alternative minimum tax and any state, local, foreign or other tax laws and of changes in those laws.**

### **Material Dutch Tax Consequences**

#### ***General***

The following is intended as general information only and does not present any comprehensive or complete description of all aspects of Dutch tax law in connection with (i) the exchange of shares pursuant to the merger and (ii) the ownership of NXP ordinary shares that are issued pursuant to the merger. For Dutch tax purposes, a Freescale shareholder or NXP shareholder may include an individual or entity who does not have the legal title to the Freescale common shares or NXP ordinary shares, as the case may be, but to whom nevertheless the Freescale common shares or NXP ordinary shares are attributed based either on such individual or entity holding a beneficial interest in the Freescale common shares or NXP ordinary shares or based on specific statutory provisions, including statutory provisions pursuant to which Freescale common shares or NXP ordinary 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 Freescale common shares or NXP ordinary shares, as the case may be.

Freescale shareholders or NXP shareholders should therefore consult their tax advisors regarding the tax consequences of (i) the exchange of shares pursuant to the merger and (ii) the ownership of NXP ordinary shares that are issued pursuant to the merger.

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.

This section does not describe the possible Dutch tax considerations or consequences that may be relevant to a Freescale shareholder or NXP shareholder who is an individual and for whom the income derived from the Freescale common shares or NXP ordinary shares are attributable to employment activities, the income from which is taxable in the Netherlands.

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For purposes of this section, 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.

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.

### *Residents in the Netherlands*

The description of certain Dutch tax consequences in this section is only intended for the following Freescale shareholders or NXP shareholders:

individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes, and who do not hold substantial interest shares (as defined below) in Freescale or NXP, which we refer to in this joint proxy statement/prospectus as Dutch individuals; and

entities that are subject to the Dutch Corporate Income Tax Act 1969, which we refer to in this joint proxy statement/prospectus as CITA, and are resident or deemed to be resident in the Netherlands for corporate income tax purposes, which we refer to in this joint proxy statement/prospectus as Dutch corporate entities, excluding:

entities that are in full or in part exempt from Dutch corporate income tax (such as qualifying pension funds);

Dutch corporate entities which are entitled to the participation exemption with respect to Freescale common shares or NXP ordinary shares on the basis of article 13 CITA; or

investment institutions (*beleggingsinstelling*) as defined in article 6a or article 28 CITA.

Substantial interest shares are shares that represent a (fictitious) substantial interest in a company.

Generally, a shareholder has a substantial interest (*aanmerkelijk belang*) in a company if such shareholder, alone or together with his partner, directly or indirectly:

owns, or holds certain rights on, shares representing 5% 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;

holds rights to acquire shares, whether or not already issued, representing 5% 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

owns, or holds certain rights on, profit participating certificates that relate to 5% or more of the annual profit of the company or to 5% or more of the liquidation proceeds of the company.

A shareholder will also have a substantial interest if his partner or one of certain relatives of the shareholder or of his partner has a substantial interest.

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Generally, a shareholder has a fictitious substantial interest (*fictief aanmerkelijk belang*) in a company if, without having an actual substantial interest in this company:

an enterprise has been contributed to the company in exchange for shares on an elective non-recognition basis;

the shares have been obtained under inheritance law or matrimonial law, on a non-recognition basis, while the disposing shareholder had a substantial interest in the company;

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the shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the shareholder prior to this transaction had a substantial interest in an entity that was party thereto; or

the shares held by the shareholder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognized upon dequalification of these shares.

*Non-residents in the Netherlands*

For purposes of this section, a reference to a non-resident Freescale shareholder or a non-resident NXP shareholder will exclusively apply to one of the four bullets below:

a Freescale shareholder or NXP shareholder who 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 Freescale shareholder or NXP shareholder, 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 Freescale common shares or NXP ordinary shares are attributable;

a Freescale shareholder or NXP shareholder who is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) carried out in the Netherlands in respect of the Freescale common shares or NXP ordinary shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities;

a Freescale shareholder or NXP shareholder who is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise (other than by way of the holding of securities), which enterprise is effectively managed in the Netherlands; or

a Freescale shareholder or NXP shareholder who is an individual and is entitled to a share in the profits of an enterprise (other than by way of securities), which enterprise is effectively managed in the Netherlands and to which the Freescale common shares or NXP ordinary shares are attributable.

***Dividend Withholding Tax in Connection with Implementation of the Merger***

A Freescale shareholder will not be subject to Dutch dividend withholding tax with respect to (i) the exchange of Freescale common shares for NXP ordinary shares pursuant to the merger and (ii) the payment of cash corresponding to the cash portion of the merger consideration plus the proceeds of the sale of a holder's fractional entitlement to NXP ordinary shares.

***Taxes on Income and Capital Gains in Connection with the Implementation of the Merger***

*Dutch Individuals Engaged or Deemed to be Engaged in an Enterprise or in Miscellaneous Activities*

Dutch individuals are generally subject to income tax at statutory progressive rates with a maximum of 52% (2015) with respect to any benefits derived or deemed to be derived from Dutch enterprise Freescale common shares (as defined below), including any capital gains realized on the disposal thereof. Roll-over relief will not be available with respect to any capital gain realized.

Dutch enterprise Freescale common shares are Freescale common shares that qualify as Dutch enterprise shares.

Dutch enterprise shares are shares or any right to derive benefits from shares:

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which are attributable to an enterprise from which a Dutch individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder); or



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of which the benefits are taxable in the hands of a Dutch individual as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment activities.

### *Dutch Individuals not Engaged or Deemed to be Engaged in an Enterprise or in Miscellaneous Activities or Having a (Fictitious) Substantial Interest*

Generally, a Dutch individual who owns Freescale common shares, excluding Dutch enterprise Freescale common shares, will be subject annually to an income tax imposed on a fictitious yield on such Freescale common shares under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realized, including any actual capital gain or loss realized upon the exchange of Freescale common shares for NXP ordinary shares and any cash, the annual taxable benefit of all the assets and liabilities of a Dutch individual that are taxed under this regime is set at a fixed amount. The fixed amount equals 4% of the Dutch individual's yield basis (*rendementsgrondslag*) at the beginning of the calendar year (January 1), insofar as the Dutch individual's yield basis exceeds a certain threshold (*heffingsvrij vermogen*). The Dutch individual's yield basis is determined as the fair market value of certain qualifying assets reduced by certain qualifying liabilities held by such individual. The fair market value of the Freescale common shares (for listed shares such value is equal to the closing price of such shares at the last trading day in the preceding calendar year) forms part of the yield basis of the Dutch individual owning such shares. The tax rate under the regime for savings and investments is a flat rate of 30% (2015).

### *Dutch Corporate Entities*

Dutch corporate entities are generally subject to corporate income tax at statutory rates up to 25% (2015) with respect to any benefits derived or deemed to be derived from Freescale common shares, including any actual capital gain or loss realized upon the exchange of Freescale common shares for NXP ordinary shares and any cash. Roll-over relief will not be available with respect to any capital gain realized.

### *Non-residents in the Netherlands*

Non-resident Freescale shareholders will be subject to Dutch taxes on any actual capital gain or loss realized upon the exchange of Freescale common shares for NXP ordinary shares and any cash. Roll-over relief will not be available with respect to any capital gain realized.

### ***Other Taxes and Duties in Connection with the Implementation of the Merger***

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 Freescale shareholder by reason only of the exchange of Freescale common shares for NXP ordinary shares, or the delivery of NXP ordinary shares.

### ***Taxes on Income and Capital Gains from the Ownership and Disposition of NXP Ordinary Shares after Implementation of the Merger***

#### *Dutch Individuals Engaged or Deemed to be Engaged in an Enterprise or in Miscellaneous Activities*

Dutch individuals are generally subject to income tax at statutory progressive rates with a maximum of 52% (2015) with respect to any benefits derived or deemed to be derived from Dutch enterprise NXP ordinary shares (as defined below), including any dividends received from and capital gains realized on the disposal thereof.

Dutch enterprise NXP ordinary shares are NXP ordinary shares that qualify as Dutch enterprise shares (as defined above).

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### *Dutch Individuals not Engaged or Deemed to be Engaged in an Enterprise or in Miscellaneous Activities or Having a (Fictitious) Substantial Interest*

Generally, a Dutch individual who owns NXP ordinary shares, excluding Dutch enterprise NXP ordinary shares, will be subject annually to an income tax imposed on a fictitious yield on such NXP ordinary shares under the regime for savings and investments (*inkomen uit sparen en beleggen*), as described above.

### *Dutch Corporate Entities*

Dutch corporate entities are generally subject to corporate income tax at statutory rates up to 25% (2015) with respect to any benefits derived or deemed to be derived from (including any dividends received from and capital gains realized on the disposal of) NXP ordinary shares.

### *Non-residents in the Netherlands*

Non-resident NXP shareholders will be subject to Dutch taxes on any benefits derived or deemed to be derived from (including any dividends received from and capital gains realized on the disposal of) NXP ordinary shares.

### ***Dividend Withholding Tax***

An NXP shareholder is generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by NXP. Generally, NXP is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the NXP shareholder.

Dividends distributed by NXP include, but are not limited to:

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

proceeds from the liquidation of NXP, or proceeds from the repurchase of NXP ordinary shares by NXP, in excess of the average paid-in capital per share recognized for Dutch dividend withholding tax purposes, unless such repurchase is made for temporary investment purposes;

the par value of NXP ordinary shares issued to an NXP shareholder or an increase in the par value of NXP ordinary shares, to the extent that no related contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and

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 NXP has net profits (*zuivere winst*), unless

the general meeting of NXP shareholders has resolved in advance to make such repayment, and

the par value of the NXP ordinary shares concerned has been reduced with an equal amount by way of an amendment to the articles of association of NXP.

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The term "net profits" includes anticipated profits that have yet to be realized.

If an NXP shareholder is resident or deemed to be resident in the Netherlands, such NXP shareholder is generally entitled to an exemption or a full credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax.

If an NXP shareholder is resident in a country other than the Netherlands, exemptions from, reduction in or refunds of, dividend withholding tax may be available pursuant to Dutch domestic law or treaties for avoidance of double taxation.

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An NXP shareholder who is resident in the U.S., which we refer to in this joint proxy statement/prospectus as a U.S. NXP shareholder, and is entitled to the benefits of the 1992 double tax treaty entered into by the U.S. and the Netherlands, as amended most recently by the Protocol signed on March 8, 2004, which we refer to in this joint proxy statement/prospectus as the US-NL treaty, will be entitled to a reduction in the Dutch withholding tax by way of an exemption or refund if the U.S. NXP shareholder is an exempt pension trust as described in article 35 of the US-NL treaty, or an exempt organization as described in article 36 of the US-NL treaty, the U.S. NXP shareholder will be exempt from Dutch dividend withholding tax.

Such U.S. NXP shareholders may claim (i) an exemption at source, or (ii) a refund, by filing, through the withholding agent as mentioned in article 9 of the Dutch Dividend Withholding Tax Act 1965, a completed and signed copy of one of the following forms within three years after the end of the calendar year in which the withholding tax was levied:

if the U.S. NXP shareholder is an exempt pension trust as described in article 35 of the US-NL treaty: Form IB 96 USA; or

if the U.S. NXP shareholder is an exempt organization as described in article 36 of the US-NL treaty: Form IB 95 USA.

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 NXP is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

### ***Gift Tax and Inheritance Tax***

No Dutch gift tax or inheritance tax is due in respect of any gift of NXP ordinary shares by, or inheritance of NXP ordinary shares on the death of, an NXP shareholder, except if:

at the time of the gift or death of the NXP shareholder, the NXP shareholder is resident, or is deemed to be resident, in the Netherlands;

the NXP shareholder passes away within 180 days after the date of the gift of the NXP ordinary 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 his death, resident in the Netherlands; or

the gift of the NXP ordinary shares is made under a condition precedent and the NXP shareholder 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 his death. For purposes of Dutch gift tax, any individual, irrespective of his 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 an NXP shareholder by reason only of the purchase, ownership and disposal of the NXP ordinary shares.

### ***Residency***

An NXP shareholder will not become resident, or deemed resident in the Netherlands for tax purposes by reason only of holding NXP ordinary shares.



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### **Certain Bermuda Tax Consequences of the Merger**

At the present time, there is no Bermuda income or profits tax, withholding tax, capital gains tax, capital transfer tax, estate duty or inheritance tax payable by Freescale or by shareholders in respect of the Freescale common shares. As a result, other than for persons ordinarily resident in Bermuda there are no current Bermuda taxation implications resulting from the merger or the transactions contemplated by the merger agreement.

Freescale has received an assurance from the Minister of Finance of Bermuda under the Exempted Undertakings Tax Protection Act 1966 that, in the event that any legislation is enacted in Bermuda imposing any tax computed on profits or income or computed on any capital asset, gain or appreciation or any tax in the nature of estate duty or inheritance tax, the tax will not until March 31, 2035, be applicable to Freescale or to any of Freescale's operations or to Freescale's shares or other obligations except in so far as the tax applies to persons ordinarily resident in Bermuda or to any taxes payable by Freescale in respect of real property or leasehold interests in Bermuda held by Freescale. Consequently, other than for persons ordinarily resident in Bermuda, there are no future Bermuda taxation implications for holders of Freescale common shares resulting from the merger or the transactions contemplated by the merger agreement.

In respect of persons ordinarily resident in Bermuda, inheritance tax liabilities may arise on death if their Freescale common shares or the shares resulting from the completion of the merger form part of their estate.

### **Accounting Treatment of the Merger**

NXP prepares its financial statements in accordance with GAAP. The merger will be accounted for using the acquisition method of accounting with NXP being considered the acquirer of Freescale for accounting purposes. This means that NXP will allocate the purchase price to the fair value of Freescale's tangible and intangible assets and liabilities at the acquisition date, with the excess purchase price being recorded as goodwill. Under the acquisition method of accounting, goodwill is not amortized but is tested for impairment at least annually.

### **Regulatory Approvals Required to Complete the Merger**

NXP and Freescale have each agreed to use their reasonable best efforts to obtain all antitrust approvals required to complete the merger. The following is a summary of the regulatory approvals required for completion of the merger. There can be no assurance, however, if and when any of the approvals required to be obtained for the transactions contemplated by the merger agreement will be obtained or as to the conditions or limitations that such approvals may contain or impose.

#### ***United States Antitrust Approval***

Under the HSR Act, NXP and Freescale cannot complete the merger until NXP and Freescale have notified the Antitrust Division of the U.S. Department of Justice, which we refer to in this joint proxy statement/prospectus as the DOJ, and the U.S. Federal Trade Commission, which we refer to in this joint proxy statement/prospectus as the FTC, of the merger and furnished them with certain information and materials relating to the merger and the applicable waiting period has terminated or expired. The termination or expiration of the waiting period means the parties have satisfied the regulatory requirements under the HSR Act. NXP and Freescale intend to file the required notifications with the DOJ and the FTC on or before April 30, 2015.

#### ***European Competition Authorities***

Both NXP and Freescale operate in the European Union. The EU Merger Regulation requires notification of and approval by the European Commission of mergers or acquisitions involving parties with worldwide and European Union sales exceeding specified thresholds. The parties intend to file a draft notification of the merger with the European Commission on or before April 30, 2015, with a formal notification to be filed sometime after.

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The European Commission has an initial period of 25 working days after receipt of the formal notification to issue its decision, which we refer to in this joint proxy statement/prospectus as Phase I. The European Commission may extend this Phase I period to 35 working days if, within the first 20 working days after submission of the notification, the parties propose remedies to address any competition concerns identified by the European Commission. The European Commission may open an extended investigation, which extends Phase I by up to 90 working days, and can be extended to 105 working days if remedies are offered after the 55th working day and may be extended by 20 working days by request of the parties or by the European Commission with consent of the parties to a maximum of 125 working days. The merger cannot be completed until after the European Commission has issued its clearance decision.

### ***The Ministry of Commerce of the People's Republic of China***

Under the Chinese Anti-Monopoly Law of 2008, transactions involving parties with sales above certain revenue levels cannot be completed until they are reviewed and approved by the Ministry of Commerce of the People's Republic of China, which we refer to in this joint proxy statement/prospectus as MOFCOM. NXP and Freescale have sufficient revenues in China to exceed the statutory thresholds, and completion of the merger is therefore conditioned upon MOFCOM approval. NXP and Freescale intend to file the required materials with MOFCOM on or before April 30, 2015.

### ***Other Jurisdictions***

NXP and Freescale derive revenues in other jurisdictions where merger or acquisition control filings or clearances are or may be required. The merger cannot be completed until after the applicable waiting periods have expired or been terminated or the relevant approvals have been obtained under the antitrust and competition laws of South Korea, Japan, Taiwan and Mexico. NXP and Freescale intend to file the required notifications or other materials with the antitrust authorities in these jurisdictions on or before April 30, 2015.

### **Treatment of Freescale Equity Awards**

At the effective time, each outstanding Freescale stock option (whether vested or unvested) will be assumed and converted into an option to purchase NXP ordinary shares. Such converted stock options will have the same vesting schedule as the Freescale stock options and otherwise will have the same terms and conditions as the Freescale stock options.

At the effective time, the unvested Freescale restricted share units outstanding immediately prior to the effective time will be converted into NXP restricted share units. Such converted restricted share units will have the same vesting schedule as the Freescale restricted share units and otherwise will have the same terms and conditions as the Freescale restricted share units.

At the effective time, the unvested Freescale performance-based restricted share units outstanding immediately prior to the effective time will be converted into NXP restricted share units. Such converted performance-based restricted share units will have the same time-based vesting schedule as Freescale performance-based restricted share units and otherwise will have the same terms and conditions as were applicable to the Freescale performance-based restricted share units. The level of performance achieved with respect to the Freescale performance-based restricted share units will be determined prior to the effective time.

See the section entitled "The Merger Agreement - Treatment of Freescale Equity Awards" for a detailed discussion of the treatment of Freescale equity awards in connection with the merger.

### **Dividend Policy**

NXP has never declared or paid cash dividends on NXP ordinary shares. The payment of dividends in the future will be at the discretion of the NXP board and will depend upon general business conditions, legal and

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contractual restrictions on the payment of dividends and other factors that the NXP board may deem to be relevant. Under the merger agreement, prior to the effective time, except with the prior written consent of NXP, Freescale may not declare, set aside for payment or pay any dividend (whether in cash, stock or property or any combination thereof) on any Freescale common shares or other share capital of Freescale.

### **Listing of NXP Ordinary Shares; Delisting of Freescale Common Shares**

It is a condition to the completion of the merger that the NXP ordinary shares issuable in the merger be authorized for listing on NASDAQ upon official notice of issuance. As a result of the merger, Freescale common shares currently listed on the NYSE will cease to be listed on the NYSE.

### **Dissenters' Rights of Appraisal**

The holders of NXP ordinary shares, under Dutch law, are not entitled to any appraisal or dissenters' rights with respect to the merger or any of the other transactions contemplated by the merger agreement.

Under Bermuda law, in the event of a merger of a Bermuda company with another company or corporation, any shareholder of the Bermuda company is entitled to receive fair value for its shares. The Freescale board considers the fair value for each Freescale common share to be the merger consideration (\$6.25 in cash, without interest, plus 0.3521 of an NXP ordinary share). Based on the closing price of NXP ordinary shares on February 27, 2015, the last trading day before the public announcement of the merger, the merger consideration was equal to \$36.14.

Any Freescale shareholder of record who is not satisfied that it has been offered fair value for its Freescale shares and whose shares are not voted in favor of the merger agreement and the merger may exercise its appraisal rights under the Companies Act to have the fair value of its Freescale shares appraised by the Supreme Court of Bermuda, which we refer to in this joint proxy statement/prospectus as the Bermuda Court. Persons owning beneficial interests in Freescale shares but who are not shareholders of record should note that only persons who are shareholders of record are entitled to make an application for appraisal. Any Freescale shareholder intending to exercise appraisal rights MUST file its application for appraisal of the fair value of its Freescale shares with the Bermuda Court within ONE MONTH after the date the notice convening the Freescale special meeting is deemed to have been received. The notice delivered with this joint proxy statement/prospectus constitutes this notice of meeting. There are no statutory rules or published decisions of the Bermuda Court prescribing the operation of the provisions of the Companies Act governing appraisal rights that are set forth in Section 106 of the Companies Act or the process of appraisal by the Bermuda Court and the Bermuda Court retains discretion as to the precise methodology that it would adopt when determining the fair value of shares in an appraisal application under the Companies Act.

If a Freescale shareholder votes in favor of the merger agreement and the merger at the Freescale special meeting, such shareholder will have no right to apply to the Bermuda Court to appraise the fair value of its shares, and instead, if the merger is completed, and as discussed in the section entitled "The Merger Agreement - Effects of the Merger; Conversion of Freescale Common Shares," each Freescale common share held by such shareholder will be converted into the right to receive the merger consideration. Voting against the merger, or not voting, will not in itself satisfy the requirements for exercise of a Freescale shareholder's right to apply for appraisal of the fair value of its Freescale shares under Bermuda law.

In any case where a registered holder of Freescale shares has made an appraisal application, which shareholder is referred to as a dissenting shareholder, in respect of the Freescale shares held by such dissenting shareholder, which are referred to as dissenting shares, and the merger has been made effective under Bermuda law before the Bermuda Court's appraisal of the fair value of such dissenting shares then, if the fair value of the dissenting shares is later appraised by the Bermuda Court, such dissenting shareholder will be paid the difference between the amount paid to him and the value appraised by the Bermuda Court within one month of the Bermuda Court's appraisal.



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In any case where the value of the dissenting shares held by a dissenting shareholder is appraised by the Bermuda Court before the merger has been made effective under Bermuda law, then Freescale will be required to pay the dissenting shareholder within one month of the Bermuda Court's appraisal an amount equal to the value of the dissenting shares appraised by the Bermuda Court, unless the merger is terminated under the terms of the merger agreement.

The payment to a Freescale shareholder of the fair value of its Freescale shares as appraised by the Bermuda Court could be equal to or more than the value of the merger consideration that the Freescale shareholder would have received in the merger if such Freescale shareholder had not exercised its appraisal rights in relation to its Freescale shares.

A Freescale shareholder who has exercised appraisal rights has no right of appeal from an appraisal made by the Bermuda Court. The responsibility for costs of any application to the Bermuda Court under Section 106 of the Companies Act will be in the Bermuda Court's discretion.

The relevant portions of Section 106 of the Companies Act are as follows:

106 (6) Any shareholder who did not vote in favor of the amalgamation or merger and who is not satisfied that he has been offered fair value for his shares may within one month of the giving of the notice referred to in subsection (2) apply to the Court to appraise the fair value of his shares.

(6A) Subject to subsection (6B), within one month of the Court appraising the fair value of any shares under subsection (6) the company will be entitled either

(a) to pay to the dissenting shareholder an amount equal to the value of his shares as appraised by the Court; or

(b) to terminate the amalgamation or merger in accordance with subsection (7).

(6B) Where the Court has appraised any shares under subsection (6) and the amalgamation or merger has proceeded before the appraisal then, within one month of the Court appraising the value of the shares, if the amount paid to the dissenting shareholder for his shares is less than that appraised by the Court the amalgamated or surviving company will pay to such shareholder the difference between the amount paid to him and the value appraised by the Court.

(6C) No appeal will lie from an appraisal by the Court under this section.

(6D) The costs of any application to the Court under this section will be in the discretion of the Court.

(7) An amalgamation agreement or merger agreement may provide that at any time before the issue of a certificate of amalgamation or merger the agreement may be terminated by the directors of an amalgamating or merging company, notwithstanding approval of the agreement by the shareholders of all or any of the amalgamating or merging companies.

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**THE MERGER AGREEMENT**

*The following describes the material provisions of the merger agreement, which is included as Annex A to this joint proxy statement/prospectus and incorporated by reference herein. The summary of the material provisions of the merger agreement below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the merger agreement. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. NXP and Freescale encourage you to read carefully the merger agreement in its entirety before making any decisions regarding the transactions contemplated therein as it is the legal document governing such transactions, including the merger.*

*The merger agreement and this summary of its terms have been included to provide you with information regarding the terms of the merger agreement and is not intended to provide any factual information about NXP or Freescale. The representations, warranties and covenants made in the merger agreement by NXP, Freescale and Merger Sub are qualified and subject to important limitations agreed to by NXP, Freescale and Merger Sub in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the parties to the merger agreement, and were negotiated with the principal purpose of allocating risk between the parties to the merger agreement, rather than establishing matters as facts. The representations and warranties may also be subject to a contractual standard of materiality that may be different from that generally relevant to shareholders or applicable to reports and documents filed with the SEC, and are qualified by certain information each of NXP and Freescale filed with the SEC following January 1, 2012 and by confidential disclosures that were made by each party to the other, which disclosures are not reflected in the merger agreement or otherwise publicly disclosed. The representations and warranties in the merger agreement will not survive the effective time or the termination of the merger agreement. Moreover, information concerning the subject matter of the representations and warranties may have changed since the date of the merger agreement, which subsequent information may or may not be fully reflected in the public disclosures by NXP or Freescale. For the foregoing reasons, the representations, warranties and covenants or any descriptions of those provisions should not be read alone, but instead should be read together with the information provided elsewhere in this joint proxy statement/prospectus and in the documents incorporated by reference into this joint proxy statement/prospectus. See the section entitled *Where You Can Find More Information*.*

**The Merger**

Upon the terms and subject to the conditions of the merger agreement and in accordance with the applicable provisions of the Companies Act, at the effective time, Merger Sub will merge with and into Freescale, the separate corporate existence of Merger Sub will cease and Freescale will continue as the surviving company and as a wholly-owned indirect subsidiary of NXP.

**Effective Time**

The completion of the merger will occur on a date to be mutually agreed by the parties, which will be no later than three business days following the date upon which all conditions to the completion of the merger have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the completion of the merger, but subject to the satisfaction or waiver of those conditions at the completion of the merger), or at such other date and time as the parties may agree in writing. However, if the marketing period (as defined below) has not ended at the time of the satisfaction or waiver of the conditions to the completion of the merger (other than those conditions that by their terms are to be satisfied at the completion of the merger, but subject to the satisfaction or waiver of those conditions at the completion of the merger), the completion of the merger will occur on the earlier of (i) a date during the marketing period specified by NXP in writing on no fewer than three business days notice to Freescale (which may be conditioned upon the simultaneous completion of the debt financing) and (ii) the third business day immediately following the last day of the marketing period.

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On or prior to the closing date, the parties will execute a statutory merger agreement (in the form attached to the merger agreement), cause an application for registration of the surviving company to be filed with the Registrar and cause such application to include a request that the Registrar issue a certificate of merger with respect to the merger. The merger will become effective at the time such certificate of merger is issued.

For purposes of the merger agreement, "marketing period" means the first period of 15 consecutive business days throughout and at the end of which (i) the mutual conditions to the parties' obligations to complete the merger and the conditions to the obligations of NXP and Merger Sub to effect the merger are satisfied (except for those conditions that by their nature are to be satisfied at the completion of the merger) and (ii) NXP has been provided by Freescale (a) the audited consolidated balance sheets and related statements of income and cash flows of Freescale for the three most recently completed fiscal years ended at least ninety days prior to the closing date and (b) unaudited consolidated balance sheets and related statements of income and cash flows of Freescale for each subsequent fiscal quarter ended at least 45 days prior to the closing date (but, excluding the fourth quarter of any fiscal year) (we refer to the information described in the foregoing clauses (a) and (b) collectively in this joint proxy statement/prospectus as the "required financing information"); subject to the following:

(i) such 15 consecutive business day period (x) will either end on or prior to August 14, 2015 or, if such period has not ended on or prior to August 14, 2015, then it will commence no earlier than September 8, 2015 and (y) will either end on or prior to December 17, 2015 or, if such period has not ended on or prior to December 17, 2015, then it will commence no earlier than January 4, 2016 and (ii) none of November 25, 2015 and November 27, 2015 will be considered a business day for purposes of such period;

the marketing period will not commence if prior to the completion of the marketing period, (I) KPMG LLP has withdrawn its audit opinion with respect to any of the financial statements contained in the required financing information, (II) the financial statements included in the required financing information that is available to NXP on the first day of any such 15 consecutive business day period would be required to be updated under Rule 3-12 of Regulation S-X in order to be sufficiently current on any day during such 15 consecutive business day period to permit a registration statement on Form S-1 using such financial statements to be declared effective by the SEC on the last day of such 15 consecutive business day period or (III) Freescale has announced its intention to restate any historical financial statements of Freescale included in the required financing information; and

the marketing period will end on any earlier date on which the full proceeds under the financing to be provided to NXP are made available to NXP to complete the transactions contemplated by the merger agreement.

**Conditions to the Completion of the Merger**

The obligations of NXP, Merger Sub and Freescale to complete the merger are subject to the satisfaction (or waiver by the parties, if permissible under applicable law) of the following conditions:

receipt of the Freescale shareholder approval;

receipt of the NXP shareholder approval;

the governmental prohibitions condition;

the antitrust approvals condition;

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the SEC has declared the registration statement on Form F-4, of which this joint proxy statement/prospectus forms a part, effective under the Securities Act, and no stop order suspending the effectiveness of the registration statement has been issued by the SEC and no proceedings for that purpose have been initiated or threatened in writing by the SEC that have not been withdrawn; and

the NXP ordinary shares issuable in the merger have been authorized for listing on NASDAQ upon official notice of issuance.

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In addition, each of NXP's, Merger Subs and Freescale's obligations to complete the merger are subject to the satisfaction (or waiver by such party) of the following additional conditions (for purposes of the following, NXP and Merger Sub collectively are referred to as a party):

certain representations and warranties of the other party relating to its capitalization being true and correct (except for de minimis inaccuracies) as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be so true and correct only as of such particular date or with respect to such specific period);

each of the representations and warranties of the other party relating to its organization; ownership of equity interests in its subsidiaries; authorization, validity of agreement and necessary action; brokers or finders; and voting requirement being true and correct in all material respects as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be so true and correct in all material respects only as of such particular date or with respect to such specific period);

the representations and warranties of the other party relating to the absence of a material adverse effect since December 31, 2014 through the date of the merger agreement being true and correct as of the date of the merger agreement and as of the closing date (disregarding clause (b) of such other party's definition of material adverse effect described below);

each of the representations and warranties of the other party, other than those specifically identified in the three immediately preceding bullets, being true and correct as of the date of the merger agreement and as of the closing date (unless any such representation or warranty addresses matters only as of a particular date or with respect to a specific period in which event such representation or warranty will be true and correct only as of such particular date or with respect to such specific period), except where the failure to be so true and correct (without giving effect to any limitation as to materiality, material adverse effect or similar qualifications as set forth in such representations or warranties) would not, either individually or in the aggregate, have a material adverse effect;

the other party having performed in all material respects its obligations under the merger agreement required to be performed by it at or prior to the completion of the merger (including the deliverables required to be filed with the Registrar in accordance with Sections 104(H) and 108(2) of the Companies Act);

each party having received a certificate dated as of the closing date signed by an authorized officer of the other party to the effect that, to the knowledge of such officer, the conditions described under the immediately preceding five bullets (applicable to such other party) have been satisfied; and

the absence of any material adverse effect on the other party since the date of the merger agreement (disregarding clause (b) of the definition of material adverse effect described below).

NXP's and Merger Subs obligations to complete the merger are further subject to the satisfaction (or waiver by NXP and Merger Sub) that NXP receives written resignations of the directors of Freescale effective as of the effective time.

Neither party may rely, either as a basis for not completing the merger or the other transactions contemplated by the merger agreement or terminating the merger agreement and abandoning the merger and the other transactions contemplated thereby, on the failure of any condition set forth in the above bullets to be satisfied, if such failure was caused by a material breach of the merger agreement by such party.

For purposes of the merger agreement, a material adverse effect with respect to a party means any event, circumstance, change, occurrence, development or effect that has a material adverse change in, or material adverse effect on, (a) the business, assets, financial condition or results of operations of such party and its



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subsidiaries, taken as a whole, or (b) the ability of such party to complete the transactions contemplated by the merger agreement before the termination date, except that, for purposes of clause (a), a material adverse effect will not include any event, circumstance, change, occurrence, development or effect resulting from or arising in connection with:

conditions generally affecting the industries and markets in which such party and its subsidiaries operate;

general economic, political or financial or securities market conditions;

the execution of the merger agreement, the announcement of the merger agreement or the pendency or completion of the transactions contemplated by the merger agreement (including the announcement of the execution of the merger agreement or the pendency or completion of the transactions contemplated thereby, including any resulting loss or departure of officers or other employees of such party or any of its subsidiaries, or the termination, reduction (or potential reduction) or any other negative development (or potential negative development) in such party's or any of its subsidiaries' relationships with any of its customers, suppliers, distributors or other business partners) (except that the exception described in this bullet will not apply to the representations and warranties made by such party relating to certain conflicts, consents and approvals to the extent that the execution and delivery of the merger agreement, the performance of the merger agreement or the completion of the transactions contemplated thereby by such party would result in a breach or inaccuracy of any of these representations and warranties);

natural disasters, acts of war, terrorism or sabotage, military actions or the escalation thereof or other force majeure events;

changes after the date of the merger agreement in GAAP, in the interpretation of GAAP, or in the accounting rules and regulations of the SEC;

any other action taken at the written request of the other party;

any action brought or threatened by shareholders of either NXP or Freescale (whether on behalf of Freescale, NXP or otherwise) asserting allegations of breach of fiduciary duty relating to the merger agreement or violations of securities laws in connection with this joint proxy statement/prospectus and each other document required to be filed by either NXP or Freescale with the SEC or required to be distributed or otherwise disseminated to their respective shareholders in connection with the transactions contemplated by the merger agreement;

any changes after the date of the merger agreement in law; or

any decrease or decline in the market price or trading volume of the Freescale common shares (in the case of Freescale) or NXP ordinary shares (in the case of NXP) or any failure by such party to meet any projections, forecasts or revenue or earnings predictions of it or of any securities analysts (except that, in the case of this bullet, the underlying cause of any such decrease or decline may be taken into account in determining whether a material adverse effect has occurred),

except, in the case of the first, second, fourth, fifth and eighth bullets above, to the extent that such event, circumstance, change, occurrence, development or effect disproportionately affects such party and its subsidiaries, taken as a whole, relative to other persons engaged in the same industries and geographies in which such party operates, in which case, to the extent not otherwise excluded pursuant to another clause of this definition, such disproportionate effect may be taken into account in determining whether a material adverse effect has occurred.

## **Efforts to Obtain Required Shareholder Approvals**

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Each of NXP and Freescale will, as soon as practicable following the date of the merger agreement (but no later than 45 days following the SEC's declaration of the effectiveness of the registration statement on Form F-4, of which this joint proxy statement/prospectus forms a part), take all action necessary to call, give notice of, convene and hold a meeting of its shareholders, for the purpose of obtaining the Freescale shareholder approval



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(in the case of Freescale) and the NXP shareholder approval (in the case of NXP). Unless the merger agreement has been terminated pursuant to its terms, each party's obligation under the provision described in this paragraph will not be affected by the commencement, public proposal, public disclosure or communication to Freescale of any Freescale acquisition proposal or to NXP of any NXP acquisition proposal, by the Freescale board effecting any change of Freescale recommendation or by the NXP board effecting a change of NXP recommendation.

### **No Solicitation by Freescale of Freescale Acquisition Proposals**

Except as described below, Freescale and its subsidiaries will not, and will use their reasonable best efforts to cause their respective officers, directors, employees and other representatives not to, directly or indirectly:

initiate, solicit, or knowingly take any action to facilitate or encourage, or participate or engage in any negotiations, inquiries or discussions with respect to any Freescale acquisition proposal;

in connection with any potential Freescale acquisition proposal, disclose or furnish any nonpublic information or data to any person concerning Freescale's business or properties or afford any person other than NXP or its representatives access to its properties, books, or records, except as required by law or pursuant to a governmental request for information;

enter into or execute, or propose to enter into or execute, any agreement relating to a Freescale acquisition proposal; or

approve, endorse, recommend or make or authorize any public statement, recommendation, or solicitation in support of any Freescale acquisition proposal.

Freescale will, and will direct its representatives to, cease immediately and cause to be terminated all discussions and negotiations that commenced prior to the date of the merger agreement regarding any proposal that constitutes, or could reasonably be expected to lead to, a Freescale acquisition proposal.

Except as described below, unless and until the merger agreement has been terminated in accordance with its terms, neither the Freescale board nor any committee thereof will, directly or indirectly:

(i) withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in a manner adverse to NXP or Merger Sub, the approval or recommendation or declaration of advisability by the Freescale board or any such committee thereof of the merger, or (ii) approve, adopt, or recommend, or propose publicly to approve, adopt, or recommend, any Freescale acquisition proposal (we refer to any action described in the foregoing clause (i) or (ii) in this joint proxy statement/prospectus as a "change of Freescale recommendation"); or

approve or recommend, or publicly propose to approve or recommend, or allow Freescale to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar agreement, arrangement, or understanding (x) constituting or related to, or that is intended to or would reasonably be expected to lead to, any Freescale acquisition proposal or (y) requiring it to abandon, terminate, or fail to complete the merger or any other transaction contemplated by the merger agreement.

In the event that Freescale receives a Freescale acquisition proposal that has not been solicited in violation of the merger agreement, Freescale and the Freescale board may participate in discussions or negotiations (including, as a part thereof, making any counterproposal) with, or furnish any nonpublic information to, any person or persons (but only after any such person enters into a customary confidentiality agreement with Freescale which may not provide for an exclusive right to negotiate with Freescale and may not restrict Freescale from complying with its obligations described in this paragraph) making such Freescale acquisition proposal and their respective representatives and potential sources of financing, if prior to the receipt of the Freescale shareholder approval (i) the Freescale board determines in good faith, after consultation with its financial



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advisors and outside legal counsel, that such person or persons have submitted to Freescale a Freescale acquisition proposal that is, or would reasonably be expected to lead to, a Freescale superior proposal and (ii) the Freescale board determines in good faith, after consultation with outside legal counsel, that the failure to participate in such discussions or negotiations or furnish such information, would reasonably be expected to be inconsistent with the fiduciary duties of Freescale's directors under applicable law. However, the foregoing will not permit the Freescale board to make a change of Freescale recommendation except as permitted by the immediately succeeding paragraph.

Prior to the Freescale special meeting, the Freescale board may, if the Freescale board determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with the fiduciary duties of Freescale's directors under applicable law, make a change of Freescale recommendation, including to approve or recommend a Freescale superior proposal, if:

Freescale notifies NXP that it intends to take such action, which notice must specify the reasons for taking such action and, if applicable, the material terms and conditions of such proposal; and

NXP will not have proposed, within three business days after receipt of such notice from Freescale, to amend the merger agreement to provide for terms which the Freescale board determines in good faith, after consultation with its outside legal counsel and financial advisors, (x) to cause the Freescale superior proposal to no longer constitute a Freescale superior proposal, if applicable, or (y) if the proposed change of Freescale recommendation is not in response to a Freescale superior proposal, that the failure to make a change of Freescale recommendation would not reasonably be expected to be inconsistent with the fiduciary duties of Freescale's directors under applicable law.

Freescale will, as promptly as reasonably practicable (and in any event within two days after receipt) notify NXP of the receipt by Freescale of any Freescale acquisition proposal. Freescale will notify NXP, in writing, of any decision of the Freescale board as to whether to consider any Freescale acquisition proposal or to enter into discussions or negotiations concerning any Freescale acquisition proposal or to provide non-public information with respect to Freescale to any person, which notice will be given as promptly as practicable after such determination is reached (and in any event no later than 24 hours after such determination is reached). Freescale will:

provide NXP with written notice setting forth all such information as is reasonably necessary to keep NXP informed in all material respects of the status and material terms of any such Freescale acquisition proposal and of any material amendments thereto (including any negotiations);

keep NXP informed as promptly as practicable with respect to any changes to the material terms of a Freescale acquisition proposal submitted to Freescale (and in any event within 48 hours following any such changes), including by providing a copy of all written proposals relating to any Freescale acquisition proposal;

promptly (and in any event within 48 hours) following the provision of any non-public information of Freescale to any such person, provide such information to NXP (including by posting such information to an electronic data room), to the extent such information has not previously been provided or made available to NXP; and

promptly (and in any event within 24 hours of such determination) notify NXP of any determination by the Freescale board that such Freescale acquisition proposal constitutes a Freescale superior proposal.

For purposes of the merger agreement, Freescale acquisition proposal means, any offer or proposal made by any person or persons other than NXP, Merger Sub or any controlled affiliate thereof to acquire, other than in the transactions contemplated by the merger agreement:

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beneficial ownership of securities (or options, rights to purchase or securities convertible into such securities) representing 15% or more of the issued and outstanding Freescale common shares, including pursuant to a merger, amalgamation, consolidation or other business combination, sale of share capital, issuance of securities, tender offer or exchange offer or similar transaction involving Freescale; or

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15% or more of the assets (including the share capital of the subsidiaries of Freescale) of Freescale and its subsidiaries, taken as a whole.

For purposes of the merger agreement, Freescale superior proposal means any Freescale acquisition proposal (substituting the term 100% for the term 15% in the instance in the first bullet in the immediately preceding paragraph where such term appears therein and substituting the term all or substantially all for the term 15% or more ) that the Freescale board determines, after consultation with its outside legal counsel and financial advisors, and after taking into account all of the terms and conditions of such Freescale acquisition proposal (including any termination or break-up fees and conditions to completion) and the likelihood and timing of completion (as compared to the transactions contemplated by the merger agreement), and after taking into account all financial, legal, regulatory, and other aspects of such Freescale acquisition proposal, to be more favorable from a financial point of view to Freescale and its shareholders than the transactions contemplated by the merger agreement.

Nothing contained in the merger agreement will prohibit the Freescale board from (i) taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) under the Exchange Act or complying with the provisions of Rule 14d-9 promulgated under the Exchange Act, and (ii) making any disclosure to its shareholders that it determines in good faith (after consultation with its outside legal counsel) that the failure to make such disclosure would reasonably be expected to be inconsistent with directors' fiduciary duties under applicable law, except that the foregoing will not permit the Freescale board to make a change of Freescale recommendation except as permitted by the merger agreement.

**NXP's Obligations with respect to NXP Acquisition Proposals**

Except as described below, unless and until the merger agreement has been terminated in accordance with its terms, neither the NXP board, nor any committee thereof, nor the board of directors of Merger Sub nor any committee thereof will, directly or indirectly:

withdraw, modify or qualify, or propose publicly to withdraw, modify or qualify, in a manner adverse to Freescale, the approval or recommendation or declaration of advisability by the NXP board or the board of directors of Merger Sub, or any such committee thereof, of the merger and the other transactions contemplated by the merger agreement (we refer to any such action in this joint proxy statement/prospectus as a change of NXP recommendation ); or

approve or recommend, or publicly propose to approve or recommend, or allow NXP or Merger Sub to execute or enter into, any letter of intent, memorandum of understanding, agreement in principle, merger agreement, acquisition agreement, option agreement, joint venture agreement, partnership agreement, or other similar agreement, arrangement, or understanding requiring it to abandon, terminate, or fail to complete the merger or any other transaction contemplated by the merger agreement.

Prior to the NXP special meeting, the NXP board may, if the NXP board determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would reasonably be expected to be inconsistent with the fiduciary duties of NXP's directors under applicable law, make a change of NXP recommendation, including to approve an NXP superior proposal, if:

NXP does not take any such action until three business days after NXP notifies Freescale in writing that it intends to take such action, which notice must specify the reasons for taking such action and the material terms and conditions of such proposal; and

NXP has complied with its obligations set forth in the immediately succeeding paragraph.

NXP will, as promptly as reasonably practicable (and in any event within two days after receipt) notify Freescale of the receipt by NXP of any NXP acquisition proposal. NXP will notify Freescale, in writing, of

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any decision of the NXP board as to whether to consider any NXP acquisition proposal or to enter into discussions or negotiations concerning any NXP acquisition proposal or to provide non-public information with respect to NXP or its subsidiaries to any person, which notice will be given as promptly as practicable after such determination is reached (and in any event no later than 24 hours after such determination is reached). NXP will:

provide Freescale with written notice setting forth all such information as is reasonably necessary to keep Freescale informed in all material respects of the status and material terms of any such NXP acquisition proposal and of any material amendments thereto;

keep Freescale informed as promptly as practicable with respect to any changes to the material terms of any NXP acquisition proposal submitted to NXP (and in any event within 48 hours following any such changes), including by providing a copy of all written proposals relating to any NXP acquisition proposal;

promptly (and in any event within 48 hours) following the provision of any non-public information of NXP to any such person, provide such information to Freescale (including by posting such information to an electronic data room), to the extent such information has not previously been provided or made available to Freescale; and

promptly (and in any event within 24 hours of such determination) notify Freescale of any determination by the NXP board that such NXP acquisition proposal constitutes an NXP superior proposal.

For purposes of the merger agreement, NXP acquisition proposal means, any offer or proposal made by any person or persons other than Freescale or any controlled affiliate thereof (other than any transaction required in connection with the sale of the RF Power business) to acquire:

beneficial ownership of securities (or options, rights to purchase or securities convertible into such securities) representing 15% or more of the NXP ordinary shares and/or preferred shares of NXP pursuant to a merger, amalgamation, consolidation or other business combination, sale of shares, tender offer or exchange offer or similar transaction involving NXP; or

15% or more of the assets (including the share capital of the subsidiaries of NXP) of NXP and its subsidiaries, taken as a whole.

For purposes of the merger agreement, NXP superior proposal means any NXP acquisition proposal (substituting the term 100% for the term 15% in the instance in the first bullet in the immediately preceding paragraph where such term appears therein and substituting the term all or substantially all for the term 15% or more ) that the NXP board has determined, after consultation with its outside legal counsel and financial advisors, that the failure to approve such agreement and enter into such transaction would be inconsistent with the fiduciary duties of NXP s directors under applicable law.

Nothing contained in the merger agreement will prohibit the NXP board from (i) taking and disclosing to its shareholders a position contemplated by Rule 14e-2(a) under the Exchange Act or complying with the provisions of Rule 14d-9 promulgated under the Exchange Act, and (ii) making any disclosure to its shareholders that it determines in good faith (after consultation with its outside legal counsel) that the failure to make such disclosure would reasonably be expected to be inconsistent with directors fiduciary duties under applicable law, except that the foregoing will not permit the NXP board to make a change of NXP recommendation except as permitted by the merger agreement.

**Effects of the Merger; Conversion of Freescale Common Shares**

***Conversion of Shares and Merger Consideration***

At the effective time, each Freescale common share issued and outstanding immediately prior to the effective time (excluding any shares held by Freescale in treasury or by NXP, Merger Sub or any other direct or



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indirect wholly-owned subsidiary of NXP, which shares will be cancelled and no consideration will be delivered with respect to such shares) will be converted into one surviving company share and each of the resulting surviving company shares will be automatically exchanged for the right to receive (i) 0.3521 of an NXP ordinary share and (ii) \$6.25 in cash, without interest.

NXP will not issue any fractional NXP ordinary shares in the merger. Instead, a Freescale shareholder who otherwise would have received a fraction of an NXP ordinary share (after aggregating all fractional NXP ordinary shares that otherwise would be received by such shareholder) will be entitled to receive, from the exchange agent (as defined below), compensation in accordance with either of the two options below (at the election of NXP):

a cash amount, without interest equal to the product of such fraction multiplied by the average trading prices of NXP ordinary shares reported on NASDAQ during the five consecutive trading days ending on the trading day immediately preceding the closing date; or

NXP will first issue to the exchange agent a number of NXP ordinary shares resulting from aggregating all fractional shares that shareholders would otherwise be entitled to (rounding down such aggregate to the nearest whole NXP ordinary share), which we refer to in this joint proxy statement/prospectus as the excess shares, which excess shares will be issued and paid up in accordance with the merger agreement and the exchange agent will then sell such shares at the prevailing prices on NASDAQ within five trading days after the closing date and such Freescale shareholders who otherwise would have received a fraction of an NXP ordinary share will receive its proportional interest in the aggregate proceeds from the sale of all excess shares, which will be calculated by multiplying the amount of the aggregate proceeds from the sale of all excess shares by a fraction the numerator of which is the amount of the fractional share interest to which such Freescale shareholder is entitled and the denominator of which is the number of excess shares.

At the effective time of the merger, each common share of Merger Sub will be converted into one surviving company share.

***Exchange Process***

Parent has appointed an exchange agent pursuant to the merger agreement, which we refer to in this joint proxy statement/prospectus as the exchange agent.

Promptly (and in any event within five business days) after the effective time, NXP will cause the exchange agent to mail to each Freescale shareholder who is entitled to receive the merger consideration a letter of transmittal and accompanying instructions for use. Upon receipt of an agent's message by the exchange agent in connection with the transfer of a book entry share or surrender of a certificate for cancellation to the exchange agent, in each case together with such letter of transmittal, duly executed and completed in accordance with the instructions thereto, and with such other documents as may be required pursuant to such instructions, the holder of such book entry share or certificate will be entitled to receive in exchange therefor, subject to any required withholding of taxes, the merger consideration together with cash in lieu of fractional shares, if any, and unpaid dividends and distributions, if any, pursuant to the merger agreement, in each case without interest, and the book entry share so transferred or certificate so surrendered will forthwith be cancelled.

If any certificate is lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming such certificate to be lost, stolen or destroyed, and if required by NXP or the exchange agent, the posting by such person of a bond in such reasonable and customary amount as NXP or the exchange agent may so require, the exchange agent will issue in exchange for such lost, stolen or destroyed certificate the merger consideration together with cash in lieu of fractional shares, if any, and unpaid dividends and distributions, if any, pursuant to the merger agreement to which such person is entitled in respect of such certificate.



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**Table of Contents****Treatment of the Sponsor Warrants**

Prior to the closing date, it is expected that the sponsor shareholder will exercise the warrants held by it pursuant to the Warrant Agreement, dated as of December 1, 2006, between Freescale and the sponsor shareholder, which we refer to in this proxy statement/prospectus as the sponsor warrants. Otherwise, pursuant to the terms of the merger agreement, Freescale will terminate the sponsor warrants prior to the effective time.

**Appraisal Rights**

Freescale shareholders who do not vote in favor of the merger and who otherwise follow the procedures set forth in section 106(6) of the Companies Act to have their shares appraised by the Bermuda Court, which we refer to in this joint proxy statement/prospectus as the dissenting shareholders, will only receive payment of the merger consideration from the exchange agent upon final determination by the Bermuda Court of the fair value of their shares. In the event that the fair value of such shares as appraised by the Bermuda Court is greater than the merger consideration, dissenting shareholders will be entitled to receive the difference between the merger consideration and the appraised fair value in cash from the surviving company within 30 days after the final determination by the Bermuda Court of the fair value of such shares. For a more complete description of the available appraisal rights, see the section entitled The Merger Dissenters Rights of Appraisal.

**Treatment of Freescale Equity Awards**

At the effective time, each outstanding Freescale stock option (whether vested or unvested) will be assumed and converted into an option, which we refer to in this joint proxy statement/prospectus as a converted stock option, to purchase from NXP a number of NXP ordinary shares (rounded down to the nearest whole share) determined by multiplying the number of Freescale common shares underlying such stock option by the sum of (x) the exchange ratio plus (y) the quotient obtained by dividing the cash portion of the merger consideration (\$6.25) by the measurement price, at an exercise price per NXP ordinary share (rounded up to the nearest whole cent) equal to the quotient obtained by dividing (1) the aggregate exercise price for the Freescale common shares underlying each Freescale stock option by (2) the aggregate number of NXP ordinary shares underlying the converted stock option. Such converted stock options will have the same vesting schedule as the Freescale stock options and otherwise will have the same terms and conditions as the Freescale stock options.

At the effective time, the unvested Freescale restricted share units outstanding immediately prior to the effective time will be converted into a number of restricted share units of NXP ordinary shares, which we refer to in this joint proxy statement/prospectus as the converted RSUs, determined by multiplying the number of Freescale common shares underlying such Freescale restricted share units by the sum of (x) the exchange ratio plus (y) the quotient obtained by dividing the cash portion of the merger consideration (\$6.25) by the measurement price. Such converted RSUs will have the same vesting schedule as the Freescale restricted share units and otherwise will have the same terms and conditions as the Freescale restricted share units.

At the effective time, the unvested Freescale performance-based restricted share units outstanding immediately prior to the effective time will be converted into a number of restricted share units of NXP ordinary shares, which we refer to in this joint proxy statement/prospectus as the converted PRSUs and, collectively with the converted stock options and the converted RSUs, the converted equity awards, determined by multiplying the number of Freescale common shares underlying such Freescale performance-based restricted share units by the sum of (x) the exchange ratio plus (y) the quotient obtained by dividing the cash portion of the merger consideration (\$6.25) by the measurement price. Such converted PRSUs will have the same time-based vesting schedule as Freescale performance-based restricted share units and otherwise will have the same terms and conditions as were applicable to the Freescale-based performance restricted share units. The level of performance achieved with respect to the Freescale performance-based restricted share units will be determined prior to the effective time.

For purposes of the merger agreement, measurement price means the volume weighted average trading price of NXP ordinary shares on NASDAQ for the five consecutive trading days ending on the trading day immediately preceding the closing date.

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### **NXP Capital Increase**

Prior to the effective time, NXP will take or cause to be taken all such steps as may be required for NXP to issue the NXP ordinary shares, the converted stock options (and the NXP ordinary shares underlying such options), the converted RSUs (and the NXP ordinary shares underlying such units) and the converted PRSUs (and the NXP ordinary shares underlying such units) in respect of the merger.

### **Adjustments to Prevent Dilution**

If at any time between the date of the merger agreement and the effective time, any change in the number of issued or outstanding Freescale common shares, NXP ordinary shares or preferred shares of NXP occurs as a result of a reclassification, share split (including a reverse share split), or combination, exchange or readjustment of shares, or any share dividend or share distribution (including any dividend or distribution of securities convertible into Freescale common shares, NXP ordinary shares or preferred shares of NXP) with a record date during such period, the amount of the merger consideration will be equitably adjusted to reflect such change.

### **Dividends and Distributions**

Whenever a dividend or other distribution is declared or made after the date of the merger agreement with respect to NXP ordinary shares with a record date after the effective time, such declaration will include a dividend or other distribution in respect of all NXP ordinary shares issuable pursuant to the merger agreement as at that record date and not held by NXP pursuant to certain provisions regarding unclaimed merger consideration (for which shares, unpaid distributions will be paid by NXP in cash without interest to the applicable Freescale shareholders upon delivery of such shares).

### **Efforts to Complete the Merger**

Except as described below with regard to antitrust laws, Freescale, NXP and Merger Sub will, and Freescale and NXP will cause their respective subsidiaries to, each use their reasonable best efforts to:

take, or cause to be taken, all actions, and do, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable to complete and make effective the transactions contemplated by the merger agreement as promptly as reasonably practicable;

obtain from any governmental entity or any other third party any consents, licenses, permits, waivers, approvals, authorizations, or orders and send any notices, in each case, which are required to be obtained, made or sent by Freescale or NXP or any of their subsidiaries in connection with the authorization, execution and delivery of the merger agreement and the completion of the transactions contemplated by the merger agreement, except that in connection therewith none of Freescale or its subsidiaries will be required to (nor, without the prior written consent of NXP, will) make or agree to make any payment or accept any material conditions or obligations, including amendments to existing conditions and obligations;

as promptly as practicable, make all necessary filings and notifications, and thereafter make any other required submissions and applications, with respect to the merger agreement and the merger required under any applicable statute, law, rule or regulation; and

execute or deliver any additional instruments necessary to complete the transactions contemplated by, and to fully carry out the purposes of, the merger agreement.

Freescale and NXP will cooperate with each other in connection with the making of all such filings, submissions, applications and requests and use their reasonable best efforts to furnish to each other (on an outside counsel basis if appropriate) all information required for any filing, submission, application or request to be made pursuant to the rules and regulations of any applicable statute, law, rule or regulation in connection with the transactions contemplated by the merger agreement.



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See the section entitled "The Merger Regulatory Approvals Required to Complete the Merger" for a description of the material regulatory approvals required for the completion of the merger. In connection with such regulatory approvals, each of NXP, Merger Sub and Freescale will, among other matters:

make an appropriate filing of a notification and report form pursuant to the HSR Act with respect to the transactions contemplated by the merger agreement as promptly as practicable and within 60 days of the date of the merger agreement;

make all other filings contemplated by applicable antitrust laws of the European Union, China, South Korea, Japan, Taiwan, Mexico and Singapore with respect to the transactions contemplated by the merger agreement as promptly as practicable and submit the relevant notification forms, or a draft (if submission of a draft prior to formal notification is appropriate), within 60 days of the date of the merger agreement and if a party is not prepared to file any such submission or filing within such period, its senior executives will discuss the reasons for the failure to meet such submission or filing deadlines with the senior executives from the other party;

supply as promptly as reasonably practicable and advisable any additional information and documentary material that may be requested pursuant to the HSR Act and any other filings required under any of the applicable foreign antitrust laws described under the immediately preceding bullet;

consult and cooperate with one another, and consider in good faith the views of one another, in connection with, and provide to the other parties in advance, any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party to the merger agreement in connection with proceedings under or relating to any applicable antitrust laws;

without limiting the immediately preceding bullet, (i) give each other reasonable advance notice of all meetings with any governmental entity relating to any antitrust laws, (ii) give each other an opportunity to participate in each of such meetings, (iii) if practicable, give each other reasonable advance notice of all substantive oral communications with any governmental entity relating to any antitrust laws, (iv) if any governmental entity initiates a substantive oral communication regarding any antitrust laws, promptly notify the other party of the substance of such communication, (v) provide each other with a reasonable advance opportunity to review and comment upon all written communications (including any analyses, presentations, memoranda, briefs, arguments, opinions and proposals) with a governmental entity regarding any antitrust laws and (vi) provide each other with copies of all written communications to or from any governmental entity relating to any antitrust laws, in each case of clauses (i) through (vi) above, on an outside counsel basis if appropriate; and

use its reasonable best efforts, and cause each of its subsidiaries to use reasonable best efforts, to take any and all other actions necessary to obtain any consents, clearances or approvals required under or in connection with applicable antitrust laws and to enable all waiting periods under applicable antitrust laws to expire, and to avoid or eliminate each and every impediment under applicable antitrust laws asserted by any governmental entity, in each case, to cause the merger and the other transactions contemplated by the merger agreement to occur prior to the termination date.

Except as described below, NXP will have the right, in its sole discretion, to determine the nature and timing of any divestitures or other remedial undertakings made for the purpose of securing any required approvals under applicable antitrust laws.

NXP will, and will cause each of its subsidiaries, as applicable, to (i) sell, divest, license or otherwise dispose of either its or Freescale's RF Power business and any other related assets to the extent necessary to make such RF Power business viable as owned by the purchaser, but excluding certain assets as specified in the merger agreement, (ii) take any other actions and accept any other restrictions on the activities of such RF Power business being sold, in each of the foregoing clauses (i) and (ii), sufficient to obtain approval or clearance of the transactions contemplated by the merger agreement by the relevant governmental entities, as promptly as



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practicable following the date of the merger agreement (except that the completion of such sale of the RF Power business may be conditioned upon the completion of the merger) (we refer to the actions described in the foregoing clauses (i) and (ii) in this joint proxy statement/prospectus as the sale of the RF Power business ) and (iii) use reasonable best efforts to take any and all other actions and accept any restrictions with respect to the business activities of NXP or Freescale, including with respect to either NXP's or Freescale's RF Power business that is not subject to the sale of the RF Power business, necessary to obtain approval or clearance of the transactions contemplated by the merger agreement by the relevant government entities, except that the foregoing will not require NXP to agree to or take any action if such action would reasonably be likely to have a material adverse impact on any business line of NXP (disregarding, for these purposes, any adverse impact resulting from the sale of the RF Power business). NXP will have the right to determine and select (in its sole discretion) the assets, rights, products or businesses included within the sale of the RF Power business or other action or restriction taken pursuant to the foregoing clause (iii), and Freescale will not without the prior written consent of NXP agree to or otherwise cause to be taken any sale of the RF Power business or any other action pursuant to the provision described in this paragraph.

For purposes of the merger agreement, RF Power business means either the business as conducted by or on behalf of NXP and its subsidiaries as of the date of the merger agreement or the business as conducted by or on behalf of Freescale and its subsidiaries in respect of researching, designing, developing, testing, manufacturing, commercializing, packaging, marketing, distributing, selling and/or servicing semiconductors (including modules incorporating such semiconductors) which (i) have more than one Watt average RF output power and (ii) are manufactured using Silicon Lateral Diffused Metal Oxide Semiconductor (Si-LDMOS), Gallium Nitride on Silicon Carbide (GaN-on-SiC), or Gallium Arsenide (GaAs) process technologies.

**Debt Financing Covenants**

NXP is obligated to procure and have available, as of the completion of the merger, funds sufficient to pay all of the cash amounts required to be provided by NXP for the completion of the transactions contemplated by the merger agreement, including the amounts payable in connection with the completion of the merger, all related fees and expenses and the funds to be provided by (or on behalf of) NXP to Freescale to enable Freescale to fund the repayment or refinancing of certain indebtedness of Freescale and its subsidiaries, in each case to the extent required to be repaid or refinanced. NXP will use its reasonable best efforts to, among other things:

arrange and obtain the proceeds of the debt financing on the terms and conditions described in the debt commitment letter on or prior to the closing date;

maintain in effect the debt commitment letter;

negotiate and enter into definitive agreements with respect to the debt commitment letter on the terms and conditions consistent with the terms and conditions contained in the debt commitment letter or, if available, obtain alternative financing on other terms that are acceptable to NXP, on the condition that the certainty of funding with respect to such alternative financing is equivalent in all material respects to the debt commitment letter and the ability of NXP to enforce its rights with respect to such alternative financing is not less beneficial in any material respect relative to its ability with respect to the debt commitment letter;

satisfy on a timely basis and in a manner that will not impede the ability of the parties to complete the merger, all conditions to receipt of the full amount of the debt financing (or alternative financing) at the completion of the merger set forth in the debt commitment letter that are within its control or subject to its influence;

enforce its rights and comply with its obligations under the debt commitment letter; and

if the commitments with respect to all or any portion of the debt financing expires or is terminated or all or any portion of the debt financing otherwise becomes unavailable or it becomes reasonably foreseeable that such events will occur, then NXP will use its reasonable best efforts to obtain sufficient alternative financing.



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Freescale will use commercially reasonable efforts to provide, and will use commercially reasonable efforts to cause its representatives, including legal and accounting, to provide to NXP all cooperation reasonably requested by NXP in connection with the financing (except that such requested cooperation does not unreasonably interfere with the ongoing operations of Freescale and its subsidiaries), including using commercially reasonable efforts to, among other things:

prepare and furnish NXP as promptly as reasonably practicable the required financing information, all other financial statements and financial and other information regarding Freescale and its subsidiaries of the type and form and for the periods customarily included in syndication and offering materials and all other data that would be necessary for the lenders and is customarily provided in connection with a financing such as the financing;

assist with the preparation of syndication and offering materials, as may be reasonably requested by NXP;

participate as necessary in a reasonable number of meetings, presentations, road shows, due diligence sessions, drafting sessions and sessions with rating agencies, and reasonably cooperate with the marketing or solicitation efforts of NXP, in each case, as may be reasonably requested by NXP;

reasonably facilitate the granting of a security interest (and perfection thereof) in collateral, guarantees, mortgages and other definitive financing documents;

to the extent that Freescale or any of its subsidiaries are a party to the financing following the closing, assist in the preparation of, and execution and delivery of, any customary credit agreements (or amendments thereto), pledge and security documents, guarantees, indentures, purchase agreements, and other customary definitive documentation, customary closing certificates and related deliverables relating to the financing, and other certificates or documents as may be reasonably requested by NXP;

cooperate reasonably with the applicable lenders due diligence, to the extent customary and reasonable, and assist such lenders to evaluate Freescale's inventory, current assets, cash management and accounting systems, policies and procedures relating thereto; and

reasonably assist NXP in procuring public ratings for the financing as necessary;

except that (x) no obligation of Freescale or any of its subsidiaries under any agreement, certificate, document or instrument will be effective until the completion of the merger, (y) Freescale and its subsidiaries will not be required to pay any commitment or other fee, incur or reimburse any costs or expenses or make any payment in connection with such financing prior to the completion of the merger (except to the extent NXP promptly reimburses (in the case of ordinary course out-of-pocket costs and expenses) or provides the funding (in all other cases) to Freescale or such subsidiary therefor) and (z) Freescale and its subsidiaries will not be required to incur any other liability in connection with the financing prior to the completion of the merger for which Freescale or such subsidiary is not otherwise indemnified pursuant to the merger agreement.

Freescale will also use commercially reasonable efforts to cause Freescale Semiconductor, Inc., an indirect subsidiary of Freescale, which we refer to in this joint proxy statement/prospectus as Freescale Sub, to solicit the holders of its (i) 5.000% Senior Secured Notes due 2021 issued pursuant to the Indenture, dated as of May 21, 2013, among Freescale Sub, the guarantors listed therein and The Bank of New York Mellon Trust Company, N.A., as trustee and (ii) 6.000% Senior Secured Notes due 2022 issued pursuant to the Indenture, dated as of November 1, 2013, among Freescale Sub, the guarantors listed therein and Wells Fargo Bank, National Association, as trustee with respect to certain amendments and waivers as agreed between NXP and Freescale and if either or both such consent solicitations are unsuccessful, to make a change of control offer for such notes for which the consent solicitation was unsuccessful in accordance with the applicable indenture governing such notes. Freescale Sub launched the consent solicitations on March 23, 2015. The consent solicitations are currently ongoing, and are scheduled to expire at the beginning of April 2015. Freescale will also cause the aggregate principal amount of the outstanding 10.75% Senior Notes due 2020 issued pursuant to the Indenture,





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dated as of September 30, 2010, among Freescale Sub, the guarantors listed therein and The Bank of New York Mellon Trust Company, N.A., as trustee to be redeemed on or prior to the closing date. For a more complete description of the debt financing and the consent solicitation, see the section entitled Debt Financing.

### **Termination of the Merger Agreement**

The merger agreement may be terminated and the merger contemplated by the merger agreement may be abandoned at any time prior to the effective time, whether before or after receipt of the Freescale shareholder approval:

by the mutual consent of Freescale and NXP;

by either Freescale or NXP, if the merger has not occurred on or prior to the termination date, except that if the governmental prohibitions condition or the antitrust approvals condition has not been satisfied or waived on March 1, 2016, then either Freescale or NXP may extend the termination date to June 1, 2016 by providing the other party a written notice of such extension on or before the termination date; except that the right to terminate the merger agreement as a result of the termination date being reached will not be available to any party whose material breach of the merger agreement has been the cause of, or resulted in, the failure of the merger to occur on or prior to the termination date (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a termination date termination right );

by either Freescale or NXP, if any governmental entity having jurisdiction over Freescale, NXP or Merger Sub has issued an order, decree or ruling or taken any other action enjoining or otherwise prohibiting completion of the merger substantially on the terms contemplated by the merger agreement (disregarding any order, decree or ruling with respect to foreign antitrust laws except in the European Union, China, South Korea, Japan, Taiwan and Mexico), and such order, decree, ruling or other action has become final and non-appealable, unless the party seeking to terminate the merger agreement pursuant to the provision described in this bullet has materially breached its obligations to use reasonable best efforts to obtain applicable antitrust approvals, consents or clearances required by the provisions described in the section entitled Efforts to Complete the Merger (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a governmental prohibition termination right );

by either Freescale or NXP, if at the Freescale special shareholder meeting the Freescale shareholder approval has not been obtained in accordance with the Companies Act and the bye-laws of Freescale (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a Freescale no vote termination right );

by either Freescale or NXP, if at the NXP special shareholder meeting the NXP shareholder approval has not been obtained in accordance with the laws of the Netherlands and the articles of association of NXP (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as an NXP no vote termination right );

by Freescale, if there has been a breach of any covenant or agreement by NXP or Merger Sub, or if any representation or warranty of NXP or Merger Sub is untrue, in any case such that Freescale's conditions to the completion of the merger would not be satisfied, except that Freescale may not terminate the merger agreement pursuant to the provision described in this bullet (i) if such breach is curable by NXP and Merger Sub through the exercise of its reasonable best efforts and NXP and Merger Sub continue to exercise such reasonable best efforts or (ii) if it has failed to perform in any material respect any of its obligations under or in connection with the merger agreement or is in breach of any representation or warranty such that NXP and Merger Sub's conditions to the completion of the

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merger would not be satisfied (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as an NXP uncured breach termination right );

by Freescale, if prior to obtaining the NXP shareholder approval, the NXP board or the board of directors of Merger Sub has publicly disclosed a change of NXP recommendation, or approved or recommended an NXP acquisition proposal (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a change of NXP recommendation termination right );

by Freescale, if NXP or its subsidiaries have materially breached their obligations in the section entitled NXP s Obligations with respect to NXP Acquisition Proposals or in the section entitled Efforts to Obtain Required Shareholder Approvals (unless the NXP shareholder approval has already been obtained) (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as an NXP material breach termination right );

by Freescale, if (i) all of the conditions to the completion of the merger applicable to all parties and to NXP and Merger Sub have been satisfied or waived (other than those conditions that by their nature are to be satisfied by actions taken at the completion of the merger, each of which are capable of being satisfied if the closing date were the date that notice of termination is delivered by Freescale to NXP), (ii) NXP fails to complete the merger by the day it is required to occur in the section entitled Effective Time as a result of failure of the debt financing to be funded and (iii) Freescale has given NXP written notice at least two business days prior to such termination stating that it is willing and able to complete the transactions contemplated by the merger agreement and that it intends to terminate the merger agreement pursuant to the provision described in this bullet (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as an NXP financing failure termination right );

by NXP, if there has been a breach of any covenant or agreement by Freescale, or if any representation or warranty of Freescale is untrue, in any case such that NXP and Merger Sub s conditions to the completion of the merger would not be satisfied, except that NXP may not terminate the merger agreement pursuant to the provision described in this bullet (i) if such breach is curable by Freescale through the exercise of its reasonable best efforts and Freescale continues to exercise such reasonable best efforts or (ii) if it has failed to perform in any material respect any of its obligations under or in connection with the merger agreement or is in breach of any representation or warranty such that Freescale s conditions to the completion of the merger would not be satisfied (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a Freescale uncured breach termination right );

by NXP, if, prior to obtaining the Freescale shareholder approval, the Freescale board has publicly disclosed a change of Freescale recommendation, or approved or recommended a Freescale acquisition proposal (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a change of Freescale recommendation termination right ); or

by NXP, if Freescale or its subsidiaries have materially breached their obligations in the section entitled No Solicitation by Freescale of Freescale Acquisition Proposals or in the section entitled Efforts to Obtain Required Shareholder Approvals (unless the Freescale shareholder approval has already been obtained) (which right to terminate the merger agreement we refer to in this joint proxy statement/prospectus as a Freescale material breach termination right ).

**Termination Fees**

Upon termination of the merger agreement in accordance with its terms, written notice will be given to the other party specifying the provision thereof pursuant to which such termination is made, the merger agreement will forthwith become null and void, without any damages or liability on the part of NXP, Merger Sub or Freescale or their respective directors, officers, employees, shareholders, representatives, agents or advisors other than, with respect to NXP, Merger Sub and Freescale, the obligations pursuant to certain provisions that will

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survive the termination of the merger agreement. Nothing will relieve NXP, Merger Sub or Freescale from liability for fraud or willful and intentional (with the intent of breaching the merger agreement) breach of the merger agreement, except as set forth below.

Freescale will be obligated to pay to NXP a termination fee of \$600 million (less any Freescale no vote fee (as defined below) that was previously paid to NXP, if any) in cash:

within five business days following termination of the merger agreement by NXP pursuant to a change of Freescale recommendation termination right or a Freescale material breach termination right;

upon the earlier to occur of Freescale entering into of a definitive agreement with respect to, and the occurrence of, a qualifying Freescale transaction, if within 12 months after a termination in the scenarios described in the three sub-bullets below, either (A) Freescale enters into a definitive agreement with respect to a qualifying Freescale transaction, or (B) a qualifying Freescale transaction occurs (in each case, regardless of whether a qualifying Freescale transaction relates to the same Freescale acquisition proposal referred to in the three sub-bullets below); and

- i the merger agreement is terminated by Freescale or NXP pursuant to a termination date termination right (but only if at such time NXP would not be prohibited from terminating the merger agreement pursuant to a termination date termination right) without a vote of Freescale shareholders being taken with respect to the merger, and a Freescale acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to such termination;
- i the merger agreement is terminated by NXP pursuant to a Freescale uncured breach termination right (unless the Freescale shareholder approval has been obtained), and a Freescale acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to such termination; or
- i the merger agreement is terminated by either NXP or Freescale pursuant to a Freescale no vote termination right and a Freescale acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to the time of the Freescale special shareholder meeting.

NXP will be obligated to pay to Freescale a termination fee of \$600 million (less any NXP no vote fee (as defined below) that was previously paid to Freescale, if any) in cash:

within five business days following termination of the merger agreement by Freescale pursuant to a change of NXP recommendation termination right or a NXP material breach termination right;

upon the earlier to occur of NXP entering into of a definitive agreement with respect to, and the occurrence of, a qualifying NXP transaction, if within 12 months after a termination in the scenarios described in the three sub-bullets below, either (A) NXP enters into a definitive agreement with respect to a qualifying NXP transaction, or (B) a qualifying NXP transaction occurs (in each case, regardless of whether a qualifying NXP transaction relates to the same NXP acquisition proposal referred to in the three sub-bullets below); and

the merger agreement is terminated by Freescale or NXP pursuant to a termination date termination right (but only if at such time Freescale would not be prohibited from terminating the merger agreement pursuant to a termination date termination right) without a vote of NXP shareholders being taken with respect to the merger and an NXP acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to such termination of the merger agreement;

the merger agreement is termination by Freescale pursuant to an NXP uncured breach termination right (unless the NXP shareholder approval has been obtained) and an NXP acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to such termination of the merger agreement; or

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the merger agreement is terminated by either NXP or Freescale pursuant to an NXP no vote termination right and an NXP acquisition proposal has been publicly disclosed for the first time after the date of the merger agreement and prior to the time of the NXP special shareholder meeting.

NXP will be obligated to pay a termination fee of \$300 million, which we refer to in this joint proxy statement/prospectus as an antitrust termination fee, in cash to Freescale (which will be increased by an additional \$300 million in the event that NXP's willful and intentional (with the intent of breaching the merger agreement) breach of its obligations described in the third, fourth, fifth and sixth paragraphs in the section entitled Efforts to Complete the Merger caused the events giving rise to NXP's obligation to pay such antitrust terminate fee) concurrently with such termination, in the case of a termination by NXP, or within five business days in the case of a termination by Freescale, if

the merger agreement is terminated by NXP or Freescale pursuant to a termination date termination right if, as of the time of such termination, the only conditions to the completion of the merger that have not been satisfied (other than those conditions that by their nature are to be satisfied by actions taken at the completion of the merger, each of which are capable of being satisfied if the closing date were the date the notice of termination is delivered) are the governmental prohibitions condition or the antitrust approvals condition, or

the merger agreement is terminated by NXP or Freescale pursuant to a governmental prohibition termination right, if the action by any governmental entity of competent jurisdiction to prevent the merger is pursuant to antitrust laws.

NXP will be obligated to pay a termination fee of \$600 million in cash to Freescale concurrently with such termination, if the merger agreement is terminated by Freescale pursuant to an NXP financing failure termination right.

Freescale will be obligated to pay a termination fee of \$120 million, which we refer to in this joint proxy statement/prospectus as a Freescale no vote fee, in cash to NXP concurrently with any such termination, in the case of termination by Freescale, or within five business days after such termination, in the case of termination by NXP, if the merger agreement is terminated by Freescale or NXP pursuant to a Freescale no vote termination right.

NXP will be obligated to pay a termination fee of \$120 million, which we refer to in this joint proxy statement/prospectus as an NXP no vote fee, in cash to Freescale concurrently with any such termination, in the case of termination by NXP, or within five business days after such termination, in the case of termination by Freescale, if the merger agreement is terminated by NXP or Freescale pursuant to an NXP no vote termination right.

For purposes of the merger agreement:

qualifying Freescale transaction means, any acquisition of (a) beneficial ownership of securities (or options, rights to purchase or securities convertible into such securities) representing 50% or more of the issued and outstanding Freescale common shares, including pursuant to a merger, amalgamation, consolidation or other business combination, sale of share capital, issuance of securities, tender offer or exchange offer or similar transaction involving Freescale or (b) all of substantially all of the assets (including the share capital of the subsidiaries of Freescale) of Freescale and its subsidiaries, taken as a whole; and

qualifying NXP transaction means, any acquisition of (a) beneficial ownership of securities (or options, rights to purchase or securities convertible into such securities) representing 50% or more of the issued and outstanding NXP ordinary shares, including pursuant to a merger, amalgamation, consolidation or other business combination, sale of share capital, issuance of securities, tender offer or exchange offer or similar transaction involving NXP or (b) all or substantially all of the assets (including the share capital of the subsidiaries of NXP) of NXP and its subsidiaries, taken as a whole.

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In no event will either of NXP or Freescale be required to pay termination fee pursuant to a particular paragraph above on more than one occasion and upon payment of any such fee, no party will have any further liability to other parties with respect to the merger agreement or the transactions contemplated thereby, except (x) following payment of the Freescale no vote fee, for fees Freescale may owe as described above following the entering into of a definitive agreement with respect to, or the occurrence of, a qualifying Freescale transaction and (y) following payment of the NXP no vote fee, for fees NXP may owe as described above following the entering into of a definitive agreement with respect to, or the occurrence of, a qualifying NXP transaction. All such fees will be reduced by any amounts required to be deducted or withheld therefrom under applicable tax laws.

A party's right to receive payment of a termination fee will, in the circumstances in which such fee is owed pursuant to the provisions of the merger agreement described above, constitute the sole and exclusive remedy of such party and its affiliates (and any other person) against any other party to the merger agreement and their affiliates and representatives, debt financing sources (if applicable) and certain other related parties for any losses, damages or liabilities arising out of or related to the merger agreement or the support agreement (or any breach of any representation, warranty, covenant, agreement or obligation contained therein and regardless of whether such breach is intentional, unintentional, willful or otherwise), the transactions contemplated by the merger agreement (or the abandonment thereof), the failure of the completion of the merger, the debt commitment letter and the transactions contemplated therein (or the abandonment thereof), or in respect of any other agreement, document or theory of law or equity or in respect of any oral representations made or alleged to be made in connection therewith, whether in equity or at law, in contract, in tort or otherwise. Solely with respect to the antitrust termination fee, if NXP's willful and intentional (with the intent of breaching the merger agreement) breach of its obligations described in the third, fourth, fifth and sixth paragraphs in the section entitled "Efforts to Complete the Merger" caused the events giving rise to NXP's obligation to pay such antitrust termination fee, then NXP will pay to Freescale an additional fee of \$300 million in cash at the same time as such antitrust termination fee is paid (as indicated in the above description of the antitrust termination fee).

**Conduct of Business Pending the Completion of the Transactions**

Each of NXP and Freescale has agreed to certain covenants in the merger agreement restricting the conduct of its and its subsidiaries' businesses between the date of the merger agreement and the earlier to occur of the effective time or the termination of the merger agreement. In general, except as may be required by applicable law, with the prior written consent of the other party (not to be unreasonably withheld, delayed or conditioned), as contemplated by the merger agreement or as may have been previously disclosed in writing to the other party as provided in the merger agreement, each of NXP and Freescale will, and will cause its subsidiaries to, conduct their respective businesses in the ordinary and usual course of business in all material respects consistent with past practice.

Freescale will use commercially reasonable efforts to preserve intact its and its subsidiaries' current business organization and preserve their relationships with customers, suppliers and others having business dealings with them. Between the date of the merger agreement and the effective time, except, in each case, as may be required by law, with the prior written consent of NXP (not to be unreasonably withheld, delayed or conditioned), as contemplated by the merger agreement, or as may have been previously disclosed in writing to NXP as provided in the merger agreement, neither Freescale nor any of its subsidiaries will:

amend its memorandum of association or bye-laws (or equivalent organizational documents), except that the organizational documents of a subsidiary of Freescale may be amended in a way that is not material;

except for Freescale common shares to be issued or delivered pursuant to certain Freescale equity plans, Freescale's employee share purchase plan and the sponsor warrants, deliver, sell, dispose of, or authorize or agree to the issuance, sale or other disposition of (A) any share capital or any other

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ownership interest of (or any securities or rights convertible into, exchangeable for, or evidencing the right to subscribe for any share capital or any other ownership interest of, or any rights, warrants, options, calls, commitments or any other agreements of any character to purchase or acquire share capital or any other ownership interest of) Freescale or any of its subsidiaries, or (B) any other securities of Freescale or any of its subsidiaries in respect of, in lieu of, or in substitution for, NXP ordinary shares outstanding on the date of the merger agreement of such share capital, other ownership interests, securities or rights in any subsidiary of Freescale, except, in the case of (A) or (B), any such issuances, sales and dispositions by a wholly-owned subsidiary Freescale to Freescale or any other wholly-owned subsidiary of Freescale;

redeem, purchase or otherwise acquire, or agree to redeem, purchase or otherwise acquire, any outstanding Freescale common shares (except in respect of any tax withholding or exercise price in connection with certain of Freescale's equity plans) or other share capital or other securities of Freescale or any of its subsidiaries (other than a wholly-owned subsidiary);

split, combine, subdivide or reclassify any Freescale common shares or other share capital of Freescale or any of its subsidiaries (other than a wholly-owned subsidiary) or declare, set aside for payment or pay any dividend (whether in cash, stock or property or any combination thereof) or other distribution in respect of any Freescale common shares or other share capital of Freescale or any of its subsidiaries (except dividends and distributions paid by wholly-owned subsidiaries of Freescale to Freescale or to any of its wholly-owned subsidiaries) or otherwise make any payments to Freescale shareholders in their capacity as such;

adopt a plan of complete or partial liquidation, dissolution, merger, amalgamation, consolidation, restructuring, recapitalization or other reorganization of Freescale or any of its subsidiaries (other than a wholly-owned subsidiary), other than the merger;

other than transactions in the ordinary course of Freescale's intellectual property licensing business consistent with past practice, acquire, sell or dispose of, or agree to acquire, sell or dispose of, any person or any equity interests thereof, assets (other than ordinary course purchases of assets from vendors) or other business organization or division thereof, other than (i) acquisitions, sales or dispositions among Freescale and any of its wholly-owned subsidiaries; (ii) sales of inventory; (iii) acquisitions of any persons thereof, assets or other business organization or division thereof, or any equity interests, as to which the aggregate consideration for all such acquisitions does not exceed (1) \$50 million in any single transaction or series of related transactions or (2) \$75 million in the aggregate (in the case of clauses (1) and (2), in each successive 10 month period following the date of the merger agreement); and (iv) sales or dispositions as to which the aggregate consideration for all such sales or dispositions does not exceed (A) \$50 million in any single transaction or series of related transactions or (B) \$75 million in the aggregate (in the case of clauses (A) and (B), in each successive 10 month period following the date of the merger agreement);

incur any indebtedness for borrowed money in addition to that incurred as of the date of the merger agreement or guarantee any such indebtedness or make any loans, advances or capital contributions to, or investments in, any other person, other than (i) indebtedness, guaranties, loans, advances or capital contributions between or among Freescale and its wholly-owned subsidiaries; (ii) revolving loans available under Freescale's existing credit agreement in an amount not to exceed \$200 million; (iii) loans, advances or capital contributions to another person for strategic investments as to which the aggregate consideration for all such investments does not exceed \$50 million in each successive 10 month period following the date of the merger agreement; (iv) letters of credit issued, maintained or guaranteed by Freescale or its subsidiaries in the ordinary course of business consistent with past practice and reimbursement obligations in respect thereof; (v) performance bonds issued and maintained by Freescale or its subsidiaries in the ordinary course of business consistent with past practice; or (vi) indebtedness for borrowed money that will be paid prior to the completion of the merger and which do not subject Freescale to material pre-payment or other penalties incurred in the ordinary course of business and not to exceed \$50 million;



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other than in the ordinary course of business consistent with past practice for employees of Freescale or its subsidiaries with a title of vice president or above, as required by applicable law or as required by the terms of any U.S. or foreign employee benefit plan in effect on the date of the merger agreement:

enter into or amend in any material respect any agreement providing material compensation or benefits to any director, employee or individual independent contractor of Freescale or any of its subsidiaries;

adopt or amend any material compensation or benefit plan, policy, practice, arrangement or agreement; or

increase the benefits or compensation provided to any current or former director, employee or individual independent contractor of Freescale or any of its subsidiaries or grant any new cash awards to any such person except for salary and/or target bonus increases and new cash awards granted in connection with and corresponding to any promotion or job change provided in the ordinary course of business consistent with past practice (subject to certain eligibility requirements as described in the merger agreement);

other than as required by applicable law or as required pursuant to the terms of any U.S. or foreign employee benefit plan in effect on the date of the merger agreement: (i) grant any equity or equity-based awards, (ii) discretionarily accelerate the vesting or payment of any equity award held by any former or current director, employee or individual independent contractor of Freescale or any of its subsidiaries or (iii) hire or engage the services of any individual who would be an employee with a title of vice president or above other than any individual replacing a former employee who was an employee with a title of vice president or above;

change in any material respect (i) any of the accounting policies, procedures or methods used by Freescale and its subsidiaries unless required by GAAP, SEC rules and regulations or applicable law or (ii) with respect to the subsidiaries of Freescale, the accounting standards applicable to the preparation of the financial statements and accounts of each such subsidiary;

modify or amend in any material respect, or waive any material rights under any material contracts or contracts containing certain specific rights or restrictions, in such a way except as would not materially reduce the expected business or economic benefits thereof other than in the ordinary course of business consistent with past practice;

settle any actions against Freescale or any of its subsidiaries, other than settlements (i) in the aggregate not in excess of \$25 million or (ii) where the amount paid is less than or equal to the amount reserved for such matter;

except for the expenditures contemplated by and consistent with (i) the capital budget for the 2015 fiscal year disclosed to NXP or (ii) any other subsequent annual capital budget that (1) is prepared in the ordinary course of business by Freescale and approved by the Freescale board and (2) provides for total capital expenditures that do not exceed, in the aggregate, 110% of those set forth in capital budget for the 2015 fiscal year disclosed to NXP, make or authorize any capital expenditures in excess of \$50 million in the aggregate in each successive 10 month period following the date of the merger agreement;

enter into any collective bargaining agreement or any other material agreement with any labor organization, works council, trade union, or other labor association;

change any material method of tax accounting, settle or compromise any audit or other proceeding relating to a material amount of tax, make or change any material tax election or file any material tax return (including any material amended tax return), agree to an extension or waiver of the statute of limitations with respect to the assessment or determination of a material amount of taxes, enter

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into any closing agreement with respect to any material amount of tax or surrender any right to claim any material tax refund; or

enter into any contract, commitment or arrangement to do any of the foregoing.

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Between the date of the merger agreement and the effective time, except, in each case, as may be required by law, with the prior written consent of Freescale (not to be unreasonably withheld, delayed or conditioned), as contemplated by the merger agreement, or as may have been previously disclosed in writing to Freescale as provided in the merger agreement, neither NXP nor any of its subsidiaries will:

amend the articles of association of NXP in any manner that would adversely affect (i) the holders of Freescale common shares who receive NXP ordinary shares as merger consideration at the effective time in a manner different from holders of NXP ordinary shares prior to the effective time, (ii) the holders of the converted stock options in a manner different from holders of NXP stock options prior to the effective time or (iii) the ability of NXP to complete the merger and the other transactions contemplated by the merger agreement (including obtaining the NXP shareholder approval);

adopt a plan of complete or partial liquidation, dissolution, merger, amalgamation, consolidation, restructuring, recapitalization or other reorganization of NXP, other than the merger;

issue, split, combine, subdivide or reclassify any NXP ordinary shares or preferred shares of NXP or declare, set aside for payment or pay any dividend of any NXP ordinary shares or preferred shares of NXP (other than (i) issuances of NXP ordinary shares pursuant to (x) NXP's employee equity plans or exercise of equity-based awards granted pursuant to NXP's employee equity plans or (y) in connection with acquisitions consistent with past practice, or (ii) (x) the issuance, grant or delivery of equity-based awards granted pursuant to NXP's employee equity plans in the ordinary course of business consistent with past practice or (y) the issuance of any securities issued in connection with the debt financing, any alternative financing or otherwise in connection with financing the merger and the other transactions contemplated by the merger agreement);

acquire or agree to acquire, any person or any equity interests thereof or other business organization or division thereof that would be reasonably likely to (a) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any authorization, consent, order, declaration or approval of the merger, in connection with, or in compliance with, the HSR Act and other applicable antitrust laws, or the expiration or termination of any applicable waiting period thereof, (b) materially delay or adversely affect in any material respect NXP's ability to obtain the debt financing (including adversely affecting NXP's ability to satisfy the conditions to the debt financing) on the date on which the completion of the merger would otherwise occur as described in the section entitled "Effective Time," or (c) otherwise materially delay, prevent or impede the completion of the merger and the other transactions contemplated by the merger agreement; or

enter into any contract, commitment or arrangement to do any of the foregoing.

### **Governance of the Combined Company Following Completion of the Merger**

NXP will take all necessary action to cause two individuals to be designated by Freescale (who are not affiliated with any equityholders of the sponsor shareholder) to become non-executive members of the NXP board as of the effective time.

### **Indemnification; Directors and Officers Insurance**

From and after the effective time, the surviving company will, and NXP will cause the surviving company to, indemnify and hold harmless, and promptly provide advancement of expenses to, the individuals who at any time prior to the effective time were directors or officers of Freescale or any of its present or former subsidiaries against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities in connection with actions or omissions occurring at or prior to the effective time (including the transactions contemplated by the merger agreement) to the fullest extent permitted by law and by the bye-laws of Freescale. After the effective time, NXP and the surviving company will fulfill and honor to the maximum extent permitted by applicable law, all rights to exculpation or indemnification for acts or omissions occurring prior to the effective time existing as of the effective time in favor of directors and officers of Freescale, its subsidiaries

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or any of their predecessors in their capacity as officers or directors and the heirs, executors, trustees, fiduciaries and administrators of such officer or director, as provided in Freescale's or each of its subsidiaries' respective memorandum of association and bye-laws (or comparable organizational or governing documents) or in any agreement.

In addition, prior to the effective time, Freescale will, or, if Freescale is unable to, NXP will cause the surviving company as of the effective time to, obtain and fully pay the premium for the non-cancellable extension of the directors' and officers' liability coverage of Freescale's existing directors' and officers' insurance policies and existing fiduciary liability insurance policies, in each case for a claims reporting or discovery period of at least six years from and after the effective time with respect to any claim related to any period of time at or prior to the effective time from an insurance carrier with the same or better credit rating as Freescale's current insurance carrier with respect to directors' and officers' liability insurance in an amount and scope at least as favorable as Freescale's existing policies. If Freescale or the surviving company fails to obtain such tail insurance policies as of the effective time, the surviving company will either continue Freescale's current policies or provide comparable policies, in each case, for at least six years in an amount and scope at least as favorable as Freescale's existing policies, or, if substantially equivalent insurance coverage is unavailable, the best available coverage, except that NXP and the surviving company will not be required to pay an annual premium for the directors' and officers' liability insurance in excess of 300% of the annual premium currently paid by Freescale for such insurance.

## **Employee Matters**

NXP and Freescale have agreed under the merger agreement that, subject to certain exceptions as provided in the merger agreement:

for a period of at least 12 months following the completion of the merger and subject to applicable laws, NXP will provide or cause its subsidiaries to provide (i) each employee of Freescale as of the effective time with base salary or wage rate and cash incentive compensation opportunity that is no less favorable than the base salary or wage rate and cash incentive compensation opportunity in effect for such employee immediately prior to the effective time and (ii) employee benefits that are substantially similar in the aggregate to those provided to employees by Freescale immediately prior to the effective time (including equity or equity-based compensation, other than certain awards for new hires and promotions);

following the effective time, NXP will, for all purposes (including for purposes of eligibility to participate, vesting and accrual of and entitlement to benefits), provide to employees of Freescale and its subsidiaries credit for years of service with Freescale or any of its subsidiaries under any benefit plan, program, practice, policy or arrangement in which any such employees participate (except that no credit will be given under any pension benefits, post-employment welfare benefits, special or early retirement programs, window separation programs, or similar plans which may be in effect from time to time or to the extent the application of such credit would result in the duplication of benefits);

prior to the effective time, NXP and Freescale will together develop mutually acceptable retention programs in connection with Freescale's employees continuing employment with the surviving company or NXP after the effective time;

unless NXP requests otherwise in writing, prior to the effective time, Freescale will terminate the Freescale Semiconductor, Inc. 401(k) Retirement Savings Plan and as soon as practicable following the effective time, with respect to such terminated plan, NXP will permit or cause its subsidiaries to permit the affected employees to roll over their account balances and outstanding loan balances, if any, thereunder into an eligible retirement plan maintained by NXP or its subsidiaries; and

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Freescale will cause the offering period that commences after the date of the merger agreement to be the final offering period under its employee share purchase plan, prohibit participants in such plan from increasing their payroll deductions from those in effect on the date of the merger agreement and terminate such plan prior to the completion of the merger.

### **Amendment and Waiver**

Subject to applicable law, the merger agreement may be amended, modified and supplemented, in any and all respects, whether before or after any vote of Freescale shareholders and NXP shareholders contemplated by the merger agreement, by written agreement signed by each of the parties to the merger agreement, at any time prior to the closing date, except that after the receipt of the Freescale shareholder approval, no such amendment, modification or supplement may reduce or change the merger consideration or adversely affect the rights of Freescale shareholders without the approval of such shareholders. Amendment, modification, consent, supplement or waiver to certain provisions of the merger agreement that is adverse to the debt financing sources is subject to the prior written consent of the adversely affected debt financing sources.

Any failure of any party to comply with any obligation, covenant, agreement or condition in the merger agreement may be waived by the party or parties entitled to the benefits thereof only by signed written consent of the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition will not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

### **No Third Party Beneficiaries**

Although the merger agreement is not intended confer upon any person other than the parties to the merger agreement any rights, benefits, remedies, obligations or liabilities, it provides a limited exception for (i) the rights of Freescale shareholders to receive merger consideration and the rights of the holders of Freescale equity awards to receive the converted equity awards following the effective time, (ii) the right of Freescale, on behalf of its shareholders and the holders of Freescale equity awards, to pursue damages in the event of NXP's or Merger Sub's fraud or willful and intentional (with the intent of breaching the merger agreement) breach of the merger agreement, including damages based on loss of the economic and bargain benefits of the merger to Freescale shareholders based on the consideration that would have otherwise been payable to holders of Freescale common shares, the loss of market value or decline in share price of such shares or otherwise (taking into consideration relevant matters, including other combination or other opportunities and the time value of money), (iii) the right of NXP, on behalf of its shareholders and other equityholders, to pursue damages in the event of Freescale's fraud or willful and intentional (with the intent of breaching the merger agreement) breach of the merger agreement, including damages based on loss of the economic and bargain benefits of the merger to NXP shareholders and other equityholders, the loss of market value or decline in share price of NXP ordinary shares or otherwise (taking into consideration relevant matters, including other opportunities and the time value of money), (iv) certain rights and entitlement of the current and former directors and officers of Freescale as described in the section entitled Indemnification; Directors and Officers Insurance, (v) certain rights of the debt financing sources and (vi) the no-recourse provisions for the benefit of certain related parties of each of NXP (including the debt financing sources) and Freescale.

### **Assignment**

Neither the merger agreement nor any of the rights, interests or obligations thereunder may be assigned by NXP, Merger Sub or Freescale (whether by operation of law or otherwise) without the prior written consent of the other parties.

### **Remedies; Specific Performance**

Each of Freescale, NXP and Merger Sub has consented to the granting of injunctive relief by any court of competent jurisdiction to prevent breaches of the merger agreement, to enforce specifically the terms and

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provisions of the merger agreement and to compel performance of such party's obligations (including the taking of such actions as are required of such party to complete the merger), in addition to any other remedy to which any party is entitled under the merger agreement. The parties also agreed to waive any requirement for the securing or posting of any bond in connection with any such remedy, which remedy are in addition to any other remedy to which a party is entitled at law or in equity.

However, Freescale is only entitled to seek specific performance of NXP or Merger Sub's obligation to effect the completion of the merger in accordance with the term of the merger agreement, if and only if (a) all of the mutual conditions to the completion of the merger and all of NXP's and Merger Sub's conditions to the completion of the merger have been satisfied or waived (other than those conditions that by their nature are to be satisfied by actions taken at the completion of the merger (but subject to such conditions being capable of being satisfied at the completion of the merger if specific performance were granted)) at the time when the completion of the merger was required to occur pursuant to the terms of the merger agreement, (b) the debt financing has been funded or will be funded at the completion of the merger on the terms set forth in the debt commitment letter, and (c) Freescale has irrevocably confirmed in writing to NXP that if specific performance is granted and the debt financing is funded, then Freescale will take such actions that are within its control to complete the merger. Under no circumstances will Freescale be permitted or entitled to receive both such grant of specific performance to effect the closing and the payment of any damages, including any fee set forth in the section entitled "Termination Fees" above.

Freescale will be entitled to specific performance or other equitable remedies to (i) cause NXP and Merger Sub to enforce their rights (including through litigation pursued in good faith) under documents relating to the debt financing, including their rights to seek to obtain the debt financing, and (ii) require NXP and Merger Sub to take enforcement action under certain circumstances.

None of the debt financing sources will have any liability to Freescale or its related parties relating to or arising out of the merger agreement, the debt financing or otherwise, whether at law, or equity, in contract, in tort or otherwise, and neither Freescale nor any of its related parties will have any rights or claims against any of the debt financing sources. Freescale and its related parties are not entitled to seek the remedy of specific performance of the merger agreement against the debt financing sources.

## **Expenses**

All costs and expenses incurred in connection with the merger, the merger agreement and the completion of the transactions contemplated by the merger agreement will be paid by the party incurring such costs and expenses, whether or not the merger or any of the other transactions contemplated by the merger agreement is completed.

## **Representations and Warranties**

The merger agreement contains customary representations and warranties of Freescale to NXP and Merger Sub, regarding:

organization and standing;

capitalization and ownership of subsidiaries;

corporate power and authority with respect to the execution, delivery and performance of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

absence of conflicts with, or violations of, organizational documents, contracts and applicable laws;

required regulatory filings and consents and approvals of governmental authorities;

Freescale's SEC documents, financial statements and internal controls and disclosure controls and procedures;

absence of undisclosed liabilities;

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absence of any material adverse effect or certain other changes from December 31, 2014 to the date of the merger agreement;

material contracts;

employee benefits plans and ERISA compliance;

absence of certain litigation;

compliance with applicable laws;

intellectual property;

tax matters;

real property and tangible assets;

environmental matters;

labor matters

licenses and permits;

insurance;

significant suppliers and customers;

brokers or finders;

Freescale shareholder approval;

board recommendation and approval by certain equityholders of the sponsor shareholder;

opinions from financial advisors;



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inapplicability of state takeover statutes; and

investigation by Freescale.

The merger agreement also includes representations and warranties by NXP and Merger Sub to Freescale regarding:

organization and standing;

corporate power and authority with respect to the execution, delivery and performance of the merger agreement, and the due and valid execution and delivery and enforceability of the merger agreement;

absence of conflicts with, or violations of, organizational documents, contracts and applicable laws;

required regulatory filings and consents and approvals of governmental authorities;

NXP's SEC documents, financial statements and internal controls and disclosure controls and procedures;

absence of any material adverse effect or certain other changes from December 31, 2014 to the date of the merger agreement;

compliance with applicable laws;

tax matters;

Merger Sub's operations;

brokers or finders;

share ownership in Freescale;

investigation by NXP and Merger Sub;

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absence of certain litigation;

capitalization and ownership of subsidiaries;

debt financing, debt commitment letter and fee letter;

absence of undisclosed liabilities;

solvency;

NXP shareholder approval;

board recommendation; and

NXP and Merger Sub not being foreign entities or controlled by a foreign person (as each term is defined in the Defense Production Act of 1950, as amended, and rules thereunder).

Many of the representations and warranties of Freescale, NXP and Merger Sub in the merger agreement are qualified by knowledge, materiality thresholds or a material adverse effect clause (as described in the section entitled The Merger Agreement Conditions to the Completion of the Merger above). All of the parties' respective representations and warranties are qualified by their respective disclosures filed with the SEC after January 1, 2012 and before March 1, 2015.

**Other Covenants and Agreements**

The merger agreement contains certain other covenants and agreements, including covenants relating to:

cooperation between NXP and Freescale in the preparation of this joint proxy statement/prospectus and the registration statement on Form F-4 (or any successor or other appropriate form) of which this joint proxy statement/prospectus forms a part;

confidentiality and reasonable access by each party's representatives to certain information about the other party during the period prior to the effective time;

cooperation between NXP, Merger Sub and Freescale in the filing of a joint voluntary notice, review and approval process with the Committee on Foreign Investment in the United States, if requested and to the extent required, and using reasonable best efforts to obtain approval;

consultation between NXP and Freescale in connection with public announcements;

the Freescale board, or an appropriate committee of the Freescale board adopting a resolution causing any dispositions of Freescale common shares or Freescale equity awards resulting from the merger by each officer or director of Freescale who is or may become

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subject to reporting requirements under Section 16 of the Exchange Act to be an exempt transaction for the purposes of Section 16 of the Exchange Act;

NXP filing a registration statement on Form S-8 (or any successor or other appropriate form) on the closing date with respect to NXP ordinary shares issuable with respect to the converted equity awards and take all action necessary causing such shares to be authorized for listing on NASDAQ upon official notice of issuance at or prior to the effective time;

cooperation between NXP and Freescale in the defense or settlement of any shareholder litigation relating to the merger;

notice by NXP and Freescale to each other of any communication claiming that the consent of that person is required and any written communication with any governmental entity in connection with, and certain other third-party claims or actions concerning, the transactions contemplated by the merger agreement;

termination by Freescale of certain agreements between Freescale (or its subsidiaries) and its shareholders prior to the completion of the merger; and

Freescale causing certain equityholders of the sponsor shareholder to enter into shareholders agreements with NXP (see the section entitled "The Shareholders Agreements").

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**Governing Law; Jurisdiction**

The merger agreement will be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice or conflict of laws provision or rule, except that (i) certain provisions of the merger agreement which relate to the fiduciary duties of directors or officers arising under the laws of Bermuda or under the laws of the Netherlands will be governed by the laws of Bermuda or the laws of the Netherlands, respectively, (ii) the authorization, effectiveness or effect of the merger will be governed by the laws of Bermuda (only as to such matters and to the limited extent necessary to comply with and cause the merger to be effective under the laws of Bermuda), (iii) the contribution in kind and the share issue and share delivery to the exchange agent will be governed by the laws of the Netherlands and (iv) certain matters involving the debt financing sources will be governed by, and construed in accordance with, the laws of the State of New York.

The parties will submit any dispute that arises out of the merger agreement or any of the transactions contemplated by the merger agreement to the exclusive personal jurisdiction of any United States federal court located in the State of Delaware or any Delaware state court, except that any action involving the debt financing sources arising out of, or relating to, the transactions contemplated by the merger agreement, the debt commitment letter, the debt financing or the performance of services thereunder or related thereto will be subject to the exclusive jurisdiction of any state or federal court sitting in the Borough of Manhattan, New York, New York, and any appellate court thereof.

**Table of Contents****THE SUPPORT AGREEMENT**

*The following describes the material provisions of the support agreement, which is incorporated by reference into this joint proxy statement/prospectus. The summary of the material provisions of the support agreement below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the support agreement. This summary does not purport to be complete and may not contain all of the information about the support agreement that is important to you. NXP and Freescale encourage you to read carefully the support agreement in its entirety.*

Concurrently with the execution of the merger agreement, NXP entered into the support agreement with the sponsor shareholder and the sponsors with respect to (i) all Freescale common shares that the sponsor shareholder owned beneficially or of record as of the date of the merger agreement (and any securities convertible, exercisable or exchangeable for, or rights to purchase or acquire, Freescale common shares) and (ii) any additional Freescale common shares (and any securities convertible, exercisable or exchangeable for, or rights to purchase or acquire, Freescale common shares) that the sponsor shareholder may acquire beneficial or record ownership of after the date of the support agreement, which we refer to in this joint proxy statement/prospectus collectively, as the covered shares. As of the date of the merger agreement, the sponsor shareholder was the owner of and has either sole or shared voting power over 196,136,896 Freescale common shares, which was approximately 64% of the outstanding Freescale common shares as of the date of the merger agreement.

**Agreement to Consent and Approve**

Prior to the expiration time (as defined below), the sponsor shareholder will (and certain sponsors have agreed to cause the sponsor shareholder to), or will cause the holders of record on any applicable record date to, vote the covered shares (other than the shares underlying the sponsor warrants prior to the exercise thereof) at every meeting of Freescale shareholders called with respect to any of the following matters, and at every adjournment or postponement thereof, and on every action or approval of Freescale shareholders by written consent with respect to any of the following matters:

in favor of (x) the approval of the merger agreement (and any amendment of the merger agreement) and the merger and (y) any action that would reasonably be expected to be in furtherance of the foregoing; and

against (1) any action or agreement that would reasonably be expected to result in any condition to the completion of the merger applicable to all parties thereto and to NXP and Merger Sub specifically not being satisfied, (2) any Freescale acquisition proposal or any action with the intention to further any Freescale acquisition proposal, (3) any reorganization, dissolution, liquidation, winding up or similar extraordinary transaction involving Freescale, and (4) any action which would reasonably be expected to materially delay, materially postpone or materially adversely affect the completion of the merger and the other transactions contemplated by the merger agreement.

In addition, prior to the expiration time, the sponsor shareholder will not exercise or seek to exercise any dissenters' rights under Section 106 of the Companies Act in respect of any covered shares in relation to the merger. The obligations of the sponsor shareholder and the sponsors specified in the above bullets will apply whether or not the merger or any action described above is recommended by the Freescale board. However, in the event of a change of Freescale recommendation made in compliance with the merger agreement in connection with a Freescale superior proposal, the obligation of the sponsor shareholder to vote (or cause the voting), and certain sponsors to cause the sponsor shareholder to vote, the covered shares in a manner set forth in the paragraph above will only apply to 50% of the covered shares (other than the shares underlying the sponsor warrants prior to the exercise thereof), rounded to the nearest whole share as of immediately prior to the date of the taking of any such action, voting together as a single class, entitled to vote in respect of such matter and the sponsor shareholder will cause all of its remaining covered shares so entitled to vote to be voted in any manner the sponsor shareholder chooses in its sole discretion.

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For purposes of the support agreement, expiration time means the earliest to occur of (a) the completion of the merger in accordance with the terms of the merger agreement and (b) such date and time as the merger agreement is terminated pursuant to its terms.

### **Grant of Proxy**

In furtherance of the support agreement, the sponsor shareholder irrevocably granted NXP a proxy to vote the covered shares (other than the shares underlying the sponsor warrants prior to the exercise thereof) pursuant to the requirement described in the section entitled Agreement to Consent and Approve, prior to the expiration time, if the sponsor shareholder fails to be counted as present or to vote the covered shares (other than the shares underlying the sponsor warrants prior to the exercise thereof) pursuant to the requirement described in the section entitled Agreement to Consent and Approve; except that such irrevocable proxy will be automatically modified to such that it will only apply to 50% of the covered shares (other than the shares underlying the sponsor warrants prior to the exercise thereof) in the event of a change of Freescale recommendation by the Freescale board made in compliance with the merger agreement in connection with a Freescale superior proposal. The sponsor shareholder has also revoked any proxy previously granted by it with respect to any covered shares at the time of the execution of the support agreement.

### **Transfer Restrictions**

Prior to the expiration time, the sponsor shareholder will not, and certain sponsors will cause the sponsor shareholder not to (other than with the prior consent of NXP):

directly or indirectly sell, assign, encumber, pledge, hypothecate, dispose of or otherwise transfer (by operation of law or otherwise), either voluntarily or involuntarily, or enter into any contract, option or other arrangement or understanding with respect to any sale, assignment, encumbrance, pledge, hypothecation, disposition or other transfer (by operation of law or otherwise) of, any covered shares;

deposit any covered shares into a voting trust, enter into a voting agreement (other than the support agreement) with respect to any covered shares or grant any proxy, corporate representative appointment or power of attorney (or other consent or authorization with respect to any covered shares), in each case, that is inconsistent with the provisions of the support agreement; or

agree or commit (whether or not in writing) to take any of the actions referred to in the above two bullets, except that:

following the receipt of the requisite Freescale shareholder approval, the sponsor shareholder may (i) transfer the covered shares to any of its controlled affiliates or (ii) transfer the covered shares to the sponsor shareholder's record or beneficial owners in one or more distributions in accordance with its governing documents; and

the sponsor shareholder may net-exercise the sponsor warrant at any time after the date of the support agreement and prior to the effective time.

### **Litigation**

The sponsor shareholder will not, and certain sponsors have agreed to cause the sponsor shareholder to ensure, that the sponsor shareholder will not in its capacity as a shareholder of Freescale bring, commence, institute, maintain, prosecute or voluntarily aid any claim, appeal, or proceeding which (i) challenges the validity of or seeks to enjoin the operation of any provision of the support agreement, or (ii) alleges that the execution and delivery of the support agreement by the sponsor shareholder, or the approval of the merger agreement, breaches any fiduciary duty of the Freescale board or any member thereof.



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**No-solicitation**

The sponsor shareholder and the sponsors will comply with the obligations applicable to Freescale's representatives described in the first and second paragraphs in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals" as if they were parties thereto, except that, solely to the extent Freescale is permitted to take the actions described in the fourth paragraph in the section entitled "The Merger Agreement - No Solicitation by Freescale of Freescale Acquisition Proposals," the sponsor shareholder and such other signatories to the support agreement may also take such permitted actions.

**Restrictions on NXP's Acquisition of Freescale Common Shares**

NXP has agreed not to, directly or indirectly, permit any of its affiliates, directly or indirectly, to acquire, agree to acquire, propose or offer to acquire, or facilitate the acquisition or ownership of, or voting rights in, Freescale common shares, or securities of Freescale that are convertible, exchangeable or exercisable into Freescale common shares, other than the voting rights in the covered shares as provided in the support agreement.

**Termination**

The support agreement will terminate and have no further force or effect as of the expiration time.



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**THE SHAREHOLDERS AGREEMENTS**

*The following describes the material provisions of the shareholders agreements, which are included in Annex A to this joint proxy statement/prospectus as exhibits to the merger agreement and incorporated by reference herein. The summary of the material provisions of the shareholders agreements below and elsewhere in this joint proxy statement/prospectus is qualified in its entirety by reference to the shareholders agreements. This summary does not purport to be complete and may not contain all of the information about the shareholders agreements that is important to you. NXP and Freescale encourage you to read carefully the shareholders agreements in their entirety.*

Under the support agreement, certain of the sponsors have agreed to enter into a shareholders agreement in the agreed form attached to the merger agreement applicable to such sponsor, which we refer to in this proxy statement/prospectus as a shareholders agreement, prior to the closing date.

Pursuant to the shareholders agreements, the sponsors are prohibited from transferring any NXP ordinary shares received in the merger for three months after the completion of the merger except to certain permitted transferees. Following this initial three-month period, other than a transfer through an offering pursuant to the exercise of the registration rights described below, no sponsor is permitted to (i) transfer NXP ordinary shares to persons that would, after giving effect to such transfer, own 5% or more of the outstanding NXP ordinary shares or (ii) transfer, in any 90-day period, NXP ordinary shares in excess of 33 1/3% of the NXP ordinary shares held by such sponsor (together with its affiliates) immediately following the completion of the merger. Sponsors affiliated with Blackstone Capital Partners (Cayman) V L.P., which we refer to in this proxy statement/prospectus as Blackstone, are further subject to a 12-month standstill provision restricting, among other things, the acquisition of NXP ordinary shares.

Pursuant to the shareholders agreements, NXP will file with the SEC and use reasonable best efforts to cause to be declared effective by the SEC by the end of the three-month period following the closing date a registration statement on Form F-1 or Form F-3 or such other available form covering the NXP ordinary shares requested to be included by certain of the sponsors and providing for the resale on a delayed or continuous basis. NXP will use commercially reasonable efforts to keep such registration statement continuously effective until the earlier of (i) three years after it has been declared effective, (ii) the date of which all securities covered by such registration statement have been sold thereunder or cease to be registrable securities under the shareholders agreement and (iii) the date on which Blackstone's shareholders agreement terminates.

Blackstone is entitled to deliver two notices to NXP requiring an underwritten offering. However, Blackstone may not deliver any such notice prior to six months after the closing date. The other sponsors do not have the right to demand an underwritten offering and Blackstone and the other sponsors are entitled to customary piggyback registration rights.

The shareholders agreement with respect to each sponsor (and its affiliates) will terminate upon the date that such sponsor (and its affiliates) owns less than 5% of the outstanding NXP ordinary shares owned by such sponsor and its affiliates as of the closing date. If the shareholders agreement with Blackstone is terminated, the other shareholders agreements with the other sponsors will terminate automatically.

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**Table of Contents****DEBT FINANCING****Overview**

NXP intends to fund the cash portion of the merger consideration with a combination of cash on hand and the debt financing, and also intends to refinance certain of Freescale's existing indebtedness with the debt financing. NXP may access various financing sources to provide for the debt financing. Pursuant to the debt commitment letter, NXP B.V. and/or NXP Funding LLC may draw, as of the date of this joint proxy statement/prospectus up to \$6.5 billion under the term facilities (as defined below), which would be provided pursuant to the debt commitment letter. In addition, pursuant to the debt commitment letter, NXP, NXP B.V. and/or other borrowers party thereto may also draw up to \$600 million under a revolving facility, which may replace the existing credit facilities in whole or in part. NXP may access other financing sources, such as senior notes or convertible notes, or use cash on hand, as an alternative to or to supplement the above sources.

**Term Facilities and Revolving Facility**

In connection with the merger agreement, NXP B.V. entered into the debt commitment letter with the lead arrangers and the co-managers, which we refer to in this joint proxy statement/prospectus together as the initial lenders, regarding (i) term loan facilities, which we refer to in this joint proxy statement/prospectus as the term facilities, consisting of a tranche B-1 facility and a tranche B-2 facility in an aggregate amount of up to \$6.5 billion and (ii) a revolving credit facility, which we refer to in this joint proxy statement/prospectus as the revolving facility, in the amount of up to \$600 million. Subject to the terms and conditions of the debt commitment letter, the initial lenders have committed to provide the full amount of the term facilities and the full amount of the revolving facility. The proceeds of the term facilities will be used, together with cash on hand and/or other available financing resources, (a) to finance the cash portion of the merger consideration payable pursuant to the terms of the merger agreement, (b) to refinance certain of Freescale's indebtedness that becomes due as a result of the merger, (c) to effect the repayment of any amounts drawn under Freescale's outstanding revolving credit facility and, if NXP so elects, the outstanding revolving credit facility of NXP and certain of its subsidiaries, and (d) to pay certain transaction costs.

The initial lenders' commitments under the debt commitment letter are conditioned on the completion of the merger and on other conditions typical for facilities of this kind and the negotiation and execution of final documents by the initial lenders and NXP and/or certain of its subsidiaries. A copy of the original debt commitment letter is filed as an exhibit to the current report on Form 6-K filed by NXP on March 3, 2015, which is incorporated by reference into this joint proxy statement/prospectus and a copy of the joinder agreement to the debt commitment letter, dated as of March 10, 2015, is filed as an exhibit to this joint proxy statement/prospectus, see the section entitled [Where You Can Find More Information](#). You are urged to read the debt commitment letter carefully in its entirety.

As of the date of this joint proxy statement/prospectus, NXP, NXP B.V. and/or NXP Funding LLC have not entered into any definitive loan agreements for the term facilities or the revolving facility and, accordingly, the actual terms of the debt financing may differ from those described herein.

**Amortization**

Subject to the terms and conditions of the debt commitment letter, the new tranche B-1 term loan will amortize in equal quarterly installments in aggregate annual amounts equal to 10% of the principal amount, with the balance payable on the date that is five years after the completion of the merger and the date of the initial funding under the term facilities, which we refer to in this joint proxy statement/prospectus as the initial funding date, and the new tranche B-2 term loan will amortize in equal quarterly installments in aggregate annual amounts equal to 1.0% of the principal amount, with the balance payable on the date that is seven years after the initial funding date.

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### **Prepayments and Redemptions**

Voluntary reductions of the unutilized portion of the term facilities and the revolving facility and prepayments of borrowings under the facilities will be permitted at any time, in minimum principal amounts, without premium or penalty.

Subject to certain exceptions and thresholds, (i) the term facilities and the revolving facility will be prepaid (a) upon a change of control or (b) from certain excess proceeds relating to the sale or other disposition of shares, property or other assets; and (ii) the revolving facility will be prepaid if on a revaluation date of any loan and/or letter of credit the lenders' exposures exceed their commitments.

Subject to the terms and conditions of the debt commitment letter, the revolving facility may be borrowed, repaid and reborrowed until a date that is five years after the initial funding date.

### **Guarantee and Security**

The term facilities will be senior secured obligations of NXP B.V. and certain of its subsidiaries and the revolving facility will be senior secured obligations of NXP and certain of its subsidiaries on a super priority basis.

### **Covenants and Events of Default**

The term facilities and the revolving facility will contain a number of covenants that, subject to certain exceptions, contain:

limitations on indebtedness;

limitations on liens;

limitations on dividends and share repurchases;

limitations on restrictions on subsidiary distributions and negative pledges;

limitations on investments in less than majority-owned entities or non-restricted wholly-owned subsidiaries and on acquisitions of entities and business units;

limitations on acquisitions and other fundamental changes of NXP B.V. or any guarantor;

limitations on sales of assets and subsidiary stock; and

limitations on business activities of NXP Funding LLC.

The term facilities and the revolving facility will also contain certain customary events of default, including relating to non-payment, breach of covenants, cross-default, bankruptcy and change of control.

### **Consent Solicitation**

Pursuant to the indentures governing the terms of Freescale Sub's \$500 million outstanding aggregate principal amount of 5.000% senior secured notes due 2021 and Freescale Sub's \$960 million outstanding aggregate principal amount of 6.000% senior secured notes due 2022, which we

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refer to in this joint proxy statement/prospectus as the Freescale notes, the merger will constitute a change of control upon which a holder of the Freescale notes has the right to require Freescale Sub to purchase the Freescale notes.

On March 23, 2015, Freescale Sub launched consent solicitations with the holders of the Freescale notes to waive the change of control and amend certain provisions of the indentures governing the terms of the Freescale notes, such as to approximate these terms to the terms of NXP's outstanding senior notes. The consent solicitations are currently ongoing, and are scheduled to expire at the beginning of April 2015.

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Whether or not the consent is received, it is currently anticipated that the Freescale notes will remain outstanding. If the consent is not received, it is anticipated that the Freescale notes will remain outstanding based on the assumption that the holders of the Freescale notes will not accept NXP's or Freescale's change of control offer to repurchase the Freescale notes at a purchase price of 101% of the principal amount thereof, plus accrued and unpaid interest to, but not including, the date of purchase, on a date determined in accordance with the indentures governing the Freescale notes. If that is the case, the drawings of NXP B.V. and/or NXP Funding LLC under the term facilities will be reduced accordingly, as the Freescale notes will not need to be refinanced.

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**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma condensed combined financial statements give effect to the proposed merger, in which Freescale will become a wholly-owned, indirect subsidiary of NXP. The unaudited pro forma condensed combined financial statements have been prepared for illustrative purposes only. The pro forma information is not necessarily indicative of what the combined company's condensed consolidated financial position or results of operations actually would have been had the merger been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The pro forma adjustments are based on the information available at the time of the preparation of this joint proxy statement/prospectus.

The unaudited pro forma condensed combined balance sheet gives effect to the merger as if it had occurred on December 31, 2014 while the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2014 is presented as if the merger had been completed on January 1, 2014. The historical financial statements have been adjusted in the pro forma financial statements to give effects to events that are (1) directly attributable to the merger, (2) factually supportable, and (3) with respect to the statement of operations, expected to have a continuing impact on the combined company. The unaudited pro forma condensed combined statement of operations does not reflect any non-recurring charges directly related to the merger that the combined company may incur upon completion of the merger. Further, because the tax rate used for these pro forma financial statements is an estimated statutory tax rate, it will likely vary from the actual effective rate in periods subsequent to the completion of the merger.

The unaudited pro forma condensed combined financial data should be read in conjunction with (i) the historical audited consolidated financial statements of NXP and notes thereto as of and for the year ended December 31, 2014 and (ii) the historical audited consolidated financial statements of Freescale and notes thereto as of and for the year ended December 31, 2014, each of which is incorporated by reference into this joint proxy statement/prospectus, as well as the other information contained or incorporated by reference into this joint proxy statement/prospectus. See the section entitled "Where You Can Find More Information." Certain reclassifications have been made to the historical presentation of Freescale to conform to the presentation used in the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial statements of NXP and Freescale are based on NXP's accounting policies. Further review may identify additional differences between the accounting policies of the two companies that, when conformed, could have a material impact on the financial statements of the combined company. As of the date of this joint proxy statement/prospectus, NXP is not aware of any differences that would have a material impact on the unaudited pro forma condensed combined financial statements of the combined company that are not reflected in the pro forma adjustments; therefore, the unaudited pro forma condensed combined financial statements do not reflect any differences in accounting policies. Upon completion of the merger, or as more information becomes available, NXP will perform a more detailed review of Freescale's accounting policies. As a result of that review, differences may be identified between the accounting policies of the two companies that, when conformed, could have a material effect on the unaudited pro forma condensed combined financial statements.

The merger will be treated as a business combination for accounting purposes, and NXP is the deemed accounting acquirer and Freescale is the deemed accounting acquiree based on a number of factors viewed at the time of the preparation of this joint proxy statement/prospectus. Accordingly, the merger consideration paid by NXP in connection with the merger will be allocated to Freescale's assets and liabilities based upon their fair values as of the date of the completion of the merger. The notes to the unaudited pro forma condensed combined financial statements provide a more detailed discussion of how such adjustments were derived and presented in the unaudited pro forma condensed combined financial statements. The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 805, Business Combinations (ASC 805). The acquisition accounting is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive

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measurement. In addition, the value of NXP ordinary shares to be delivered to Freescale shareholders in connection with the merger will be determined based on the trading price of the NXP ordinary shares at the date of completion of the merger. Accordingly, the pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial information. Following completion of the merger, final valuations will be performed and management anticipates that the values assigned to the assets acquired and liabilities assumed will be finalized during the one-year measurement period following the date of completion of the merger. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position.

The unaudited pro forma condensed combined financial statements do not include any adjustments for the anticipated benefits from cost savings or synergies of NXP and Freescale operating as a combined company or for liabilities resulting from integration planning, as management of NXP and Freescale are in the process of making these assessments, and estimates of these costs are not currently known. However, liabilities ultimately may be recorded for severance, relocation or retention costs in subsequent periods related to employees of both companies, as well as the costs of vacating certain leased facilities of either company or other costs associated with exiting or transferring activities between the companies. The ultimate recognition of such costs and liabilities would affect amounts in the unaudited pro forma condensed combined financial statements, and such costs and liabilities could be material.

The unaudited pro forma condensed combined balance sheet does not include any adjustments for the anticipated sale of the RF Power business of NXP. Management of NXP is in the process of evaluating the accounting and business considerations to begin the process to prepare the carve-out financial information of the RF Power business to provide to potential buyers. The ultimate recognition of the sale of the RF Power business (if completed) would affect the amounts in the unaudited pro forma condensed combined financial statements by material amounts. The unaudited pro forma condensed combined balance sheet also does not reflect any adjustments for warrants to purchase an aggregate of 10 million Freescale common shares at \$36.12 per share.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET****AS OF DECEMBER 31, 2014***(In millions, unless otherwise stated)*

	<b>NXP historical</b>	<b>Freescale historical (*)</b>	<b>Pro forma adjustments</b>	<b>Pro forma combined</b>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	1,185	696	(1,548) <sup>(1)</sup>	333
Receivables, net	593	593		1,186
Inventories, net	755	745	576 <sup>(2)</sup>	2,076
Deferred tax assets	8	84		92
Other current assets	99	51		150
<i>Total current assets</i>	2,640	2,169	(972)	3,837
Non-current assets:				
Investments in equity-accounted investees	71			71
Other non-current assets	365	233	75 <sup>(6)</sup>	673
Property, plant and equipment, net	1,123	814		1,937
Identified intangible assets, net	573	59	7,903 <sup>(3)</sup>	8,535
Goodwill	2,121		10,577 <sup>(4)</sup>	12,698
<i>Total non-current assets</i>	4,253	1,106	18,555	23,914
<b>Total assets</b>	6,893	3,275	17,583	27,751
<b>Liabilities and equity</b>				
Current liabilities:				
Accounts payable	729	413		1,142
Restructuring liabilities - current	37	30		67
Payroll and related benefits	295	156		451
Accrued liabilities	239	211	32 <sup>(5)</sup>	482
Short-term debt	20	35		55
<i>Total current liabilities</i>	1,320	845	32	2,197
Non-current liabilities:				
Long-term debt	3,979	5,535	559 <sup>(6)</sup>	10,073
Pension and postretirement benefits	284	281		565
Restructuring liabilities	3	7		10
Deferred tax liabilities	76	95	1,813 <sup>(7)</sup>	1,984
Other non-current liabilities	430	93		523
<i>Total non-current liabilities</i>	4,772	6,011	2,372	13,155
Equity:				
Non-controlling interests	263			263
Stockholders' equity	538	(3,581)	15,179 <sup>(8)</sup>	12,136
<b>Total equity</b>	801	(3,581)	15,179	12,399
<b>Total liabilities and equity</b>	6,893	3,275	17,583	27,751



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- \* See Note 5 for an explanation of the reclassification adjustments for purposes of presentation in the unaudited pro forma condensed combined balance sheet to Freescale's historical balance sheet as of December 31, 2014.  
See accompanying notes to unaudited pro forma condensed combined financial information.

**Table of Contents****UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS****FOR THE YEAR ENDED DECEMBER 31, 2014***(In millions, unless otherwise stated)*

	<b>NXP historical</b>	<b>Freescale historical (**)</b>	<b>Pro forma adjustments</b>	<b>Pro forma combined</b>
<b>Revenue</b>	5,647	4,634		10,281
Cost of revenue	(3,007)	(2,513)	(21) <sup>(a)</sup>	(5,541)
<b>Gross profit</b>	2,640	2,121	(21)	4,740
Research and development	(763)	(863)	(734) <sup>(a)</sup>	(2,360)
Selling, general and administrative	(838)	(523)	(145) <sup>(a)</sup>	(1,506)
Other income (expense)	10	(7)		3
<b>Operating income (loss)</b>	1,049	728	(900)	877
Financial income (expense):				
Interest income (expense) net	(142)	(343)	30 <sup>(b)</sup>	(455)
Foreign exchange gain (loss)	(246)			(246)
Gain (loss) on extinguishment of long term debt	(3)	(79)		(82)
Changes in fair value of warrant liability	(2)			(2)
Other financial expense	(17)	(2)		(19)
<b>Income (loss) before taxes</b>	639	304	(870)	73
Benefit (provision) for income taxes	(40)	(53)	<sup>(c)</sup>	(93)
Results relating to equity-accounted investees	8			8
<b>Net income (loss)</b>	607	251	(870)	(12)
Less: Net income (loss) attributable to non-controlling interests	68			68
<b>Net income (loss) attributable to stockholders</b>	539	251	(870)	(80)
<b>Earnings per share data:</b>				
Net income (loss) attributable to stockholders per common share				
Basic earnings per common share in \$	2.27	0.84		(0.23)
Diluted earnings per common share in \$	2.17	0.83		(0.23)
Weighted average number of shares of common stock outstanding (in thousands):				
Basic	237,954	297,662		342,761 <sup>(d)</sup>
Diluted	248,609	302,758		342,761 <sup>(d)</sup>

\*\* See Note 5 for an explanation of the reclassification adjustments for purposes of presentation in the unaudited pro forma condensed combined statement of operations to Freescale's historical statement of operations for the year ended December 31, 2014. See accompanying notes to unaudited pro forma condensed combined financial information.

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**NOTES TO UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION**

*(In millions, unless otherwise stated)*

**NOTE 1 DESCRIPTION OF THE TRANSACTION**

On March 1, 2015, NXP and Freescale entered into the merger agreement, pursuant to which Merger Sub will merge with and into Freescale, with Freescale surviving the merger as a wholly-owned, indirect subsidiary of NXP.

Under the terms of the merger agreement, each holder of Freescale common shares (other than certain Freescale common shares which will be cancelled as set forth in the merger agreement) will be entitled to receive, with respect to each such Freescale common share, (i) 0.3521 of an NXP ordinary share and (ii) \$6.25 in cash, without interest.

Completion of the merger is subject to certain conditions, including but not limited to the approval of the NXP merger proposal by NXP stockholders, the approval of the Freescale merger proposal by Freescale shareholders, receipt of certain regulatory approvals, and other customary conditions. The merger agreement contains certain termination rights and obligations for both NXP and Freescale and further provides that NXP or Freescale may be required, in certain circumstances, to pay a termination fee ranging from \$120 million to \$600 million to the other party.

NXP intends to fund the payment of the merger consideration with \$1.0 billion of existing cash, \$1.1 billion of new debt and approximately 108 million NXP ordinary shares. Upon completion of the merger, former Freescale shareholders are currently expected to own approximately 32% of the NXP ordinary shares outstanding immediately after the merger, based on the number of NXP ordinary shares outstanding as of March 1, 2015, the date of the execution of the merger agreement.

**NOTE 2 BASIS OF PRO FORMA PRESENTATION**

The unaudited pro forma condensed combined balance sheet is based on the historical balance sheets of NXP and Freescale and has been prepared to reflect the merger as if it was completed on December 31, 2014. The unaudited pro forma condensed combined statement of operations assumes that the merger was completed as of the beginning of the fiscal year 2014 (January 1, 2014). The unaudited pro forma condensed combined statement of operations is based on the historical statement of operations of NXP and Freescale for the fiscal year ended December 31, 2014. To the extent identified, certain reclassifications have been reflected in the historical financial statements of Freescale to conform to NXP's presentations, as described below in Note 5.

The unaudited pro forma condensed combined financial information has been prepared using the acquisition method of accounting in accordance with FASB ASC 805. The merger will be treated as a business combination for accounting purposes, and NXP is the deemed accounting acquirer and Freescale is the deemed accounting acquiree based on a number of factors viewed at the time of the preparation of this joint proxy statement/prospectus. Accordingly, consideration paid by NXP in connection with the merger will be allocated to Freescale's assets and liabilities based upon their fair values as of the date of the completion of the merger and the excess of the merger consideration over the fair value of Freescale's net assets will be allocated to goodwill.

The pro forma adjustments described below have been developed based on management's assumptions and estimates, including assumptions relating to the consideration to be paid and the allocation thereof to the assets acquired and liabilities assumed from Freescale based on preliminary estimates of fair value. The final purchase price and the allocation of the purchase price will differ from that reflected in the pro forma financial statements after final valuation procedures are performed and amounts are finalized following the completion of the merger.

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The unaudited pro forma condensed combined financial statements are provided for illustrative purposes only and do not purport to represent what the actual consolidated results of operations or the consolidated financial position of the combined company would have been had the merger occurred on the dates assumed, nor are they necessarily indicative of future consolidated results of operations or financial position.

The unaudited pro forma condensed combined financial statements do not reflect any integration activities or cost savings from operating efficiencies, synergies, asset dispositions or other restructurings that could result from the merger. No adjustments were made to reflect employee termination costs to be incurred in connection with the merger, since those costs are not yet factually supportable. Additionally, acquisition-related transaction costs (such as advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred and are excluded from the unaudited pro forma condensed combined statement of operations. Such costs will be expensed in operations in the period incurred.

NXP performed a preliminary review of Freescale's accounting policies, based primarily on publicly available information, to determine whether any adjustments were necessary to ensure comparability in the pro forma condensed combined financial statements. At this time, NXP is not aware of any differences that would have a material effect on the unaudited pro forma condensed combined financial statements; therefore, the unaudited pro forma condensed combined financial statements do not reflect any differences in accounting policies. Upon completion of the merger, or as more information becomes available, NXP will perform a more detailed review of Freescale's accounting policies. As a result of that review, differences may be identified between the accounting policies of the two companies that, when conformed, could have a material effect on the unaudited pro forma condensed combined financial statements.

**NOTE 3 PRELIMINARY ESTIMATED PURCHASE PRICE**

The total preliminary estimated purchase price as of March 18, 2015 amounts to \$13,550 million and has been calculated as follows:

<i>Estimated number of NXP ordinary shares to be delivered to Freescale's shareholders as of March 18, 2015:</i>	
Total number of Freescale common shares <sup>(1)</sup>	307,239,518
Share exchange ratio	0.3521
Estimated number of NXP ordinary shares to be delivered	108,179,034
<b><i>Preliminary estimated purchase price (USD in millions):</i></b>	
Cash payment of \$6.25 per Freescale common share	1,920
Estimated number of NXP ordinary shares to be delivered	108,179,034
Multiplied by market price of each NXP ordinary share on March 18, 2015 in USD <sup>(2)</sup>	105.36
Total value of NXP ordinary shares to be delivered (USD in millions)	11,398
Value of NXP restricted share units to be delivered to holders of Freescale restricted share units and performance-based restricted share units <sup>(3)(4)</sup>	126
Value of NXP stock options to be delivered to holders of Freescale stock options <sup>(3)(5)</sup>	106
Total preliminary estimated purchase price (USD in millions)	13,550

(1) Represents the number of Freescale common shares issued and outstanding as of March 18, 2015.

(2) To determine the preliminary estimated purchase price, based on the market price of NXP ordinary shares, the closing price of March 18, 2015 on NASDAQ has been used, which was \$105.36.

(3) The fair value of replacement awards attributable to pre-combination service is recorded as part of the consideration transferred in the merger, while the fair value of replacement awards attributable to post-combination service is recorded separately from the business

combination and recognized as compensation

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cost over the remaining post-combination service period. The portion of Freescale equity awards attributable to pre-combination and post-combination service is estimated based on the ratio of the service period rendered as of March 18, 2015 to the total service period. The fair value of awards attributed to pre-combination service was recognized as a component of the purchase price. The impact of post-combination compensation cost has been recorded as adjustment to the unaudited pro forma condensed combined statement of operations for the year ended December 31, 2014. See Note 6 for adjustment amounts related to share-based compensation. NXP will recalculate the fair value of the Freescale equity awards as of the closing date to determine the excess fair value amounts, if any, to be recorded as compensation expense by NXP. Various estimates were used in this calculation, which could differ significantly from actual amounts calculated at the closing date of the merger, and such differences could have a material impact on the total purchase price.

- (4) The fair value of NXP equivalent restricted share units was estimated based on the closing price of Freescale common shares on March 18, 2015. The equivalent number of market based restricted share units was estimated based on the closing price of Freescale common shares on March 18, 2015 using the results of Freescale's original Monte-Carlo valuation model. These estimates are subject to change with market conditions and other circumstances, and these changes may have a material impact on the fair value of restricted share units and market based restricted share units used to calculate the total purchase price.
- (5) The fair value of the NXP equivalent stock options was estimated as of March 18, 2015 using the Black-Scholes valuation model utilizing various assumptions. The expected volatility of the NXP ordinary share price is based on the average implied volatility over the expected term based on daily closing share prices of NXP ordinary shares and Freescale common shares. The expected term of the option is based on average remaining contractual exercise term. The share price volatility and expected term are based on NXP's best estimates at this time, both of which impact the fair value of the option calculated under the Black-Scholes methodology and, ultimately, the total consideration that will be recorded at the effective time of the merger. These estimates are subject to change with market conditions and other circumstances, and these changes may have a material impact on the fair value of stock options used to calculate the total purchase price.

In general, Freescale's outstanding equity awards include a provision for acceleration of vesting in certain circumstances involving termination of the employee holding such equity awards during a certain time period following a change in control. Certain awards have terms relative to the acceleration of vesting that differ from this general provision. No adjustments have been made to the unaudited pro forma condensed combined financial statements as a result of the potential accelerated vesting, as NXP cannot currently predict the nature and extent of any such terminations to be made.

The estimated consideration to be transferred reflected in these unaudited pro forma condensed combined financial statements does not purport to represent what the actual consideration transferred will be when the merger is completed. The fair value of the NXP equity securities delivered as part of the consideration transferred will be measured, at the closing date of the merger, based on the number of Freescale common shares outstanding multiplied by the exchange ratio of 0.3521 and the then-current market price of NXP ordinary shares. This requirement will likely result in a per share equity component different from the \$105.36 closing price of NXP ordinary shares on March 18, 2015 that is assumed in these unaudited pro forma condensed combined financial statements, and that difference may be material. An increase (or decrease) by as much as 10% in the NXP common stock price on the closing date of the merger from the common stock price assumed in these unaudited pro forma condensed combined financial statements is reasonably possible based upon the recent share price history of NXP ordinary shares. A change in the estimated fair value of the share price of NXP ordinary shares of 10% would increase (or decrease) the consideration paid by approximately \$1,166 million, with a corresponding increase (or decrease) in the goodwill recorded in connection with the merger.

**Table of Contents****NOTE 4 PRELIMINARY ESTIMATED PURCHASE PRICE ALLOCATION**

Under the acquisition method of accounting, the total purchase price is allocated to the tangible and identified intangible assets acquired and liabilities assumed based on their estimated fair values as of the date of the merger. The pro forma purchase price allocation below has been developed based on preliminary estimates of fair value using the historical financial statements of Freescale as of December 31, 2014. As of the date of this joint proxy statement/prospectus, NXP has not completed the detailed valuation studies necessary to arrive at the required estimates of the fair value of Freescale's assets to be acquired and the liabilities to be assumed and the related allocations of purchase price. Therefore, the allocation of the purchase price to acquired intangible assets is based on preliminary fair value estimates and subject to final management analysis, with the assistance of third party valuation advisors, following the completion of the merger. The estimated intangible asset values and their useful lives could be affected by a variety of factors that may become known to NXP only upon access to additional information and/or changes in these factors that may occur prior to the effective time of the merger. The preliminary estimated intangible assets consist of customer relationships, developed technology, sales order backlog, trade name and in-process research and development. The estimated useful lives range between one year and eleven years and are detailed in the schedule below. The estimated fair values of the intangibles were based primarily on current estimates of Freescale's expected future cash flows and may change as estimates and assumptions are refined. Additional intangible asset classes may be identified as the valuation process continues.

The excess of the purchase price over the tangible and identified intangible assets acquired and liabilities assumed has been allocated to goodwill.

The preliminary allocation of the purchase price as of December 31, 2014 is estimated as follows:

<i>Total preliminary purchase price (USD in millions)</i>		\$ 13,550
Estimated fair value of net tangible assets acquired and liabilities assumed:		
Cash and cash equivalents	\$ 696	
Accounts receivables, net	593	
Inventories, net	1,321	
Other current assets	135	
Property, plant and equipment	814	
Other non-current assets, net	233	
Accounts payable, accrued liabilities and other current liabilities	(845)	
Deferred tax liabilities	(1,908)	
Other long-term liabilities	(381)	
Long-term debt	(5,647)	
		(4,989)
Estimated fair value of identified intangible assets acquired and liabilities assumed:		
Customer relationships	1,061	
Developed technology	5,318	
Sales order backlog	114	
Trade name	58	
In-process research and development	1,411	
		7,962
Estimated goodwill		\$ 10,577
<b><i>Tangible assets acquired and liabilities assumed</i></b>		

NXP has estimated the fair value of tangible assets acquired and liabilities assumed. These estimates are based on a preliminary valuation performed as of March 24, 2015 and are subject to further review by management. See Note 6 below for a further explanation of the assumptions related to certain of the assets assumed.

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Property, plant and equipment, net is required to be measured at fair value unless those assets are classified as held-for-sale on the acquisition date. The acquired assets can include assets that are not intended to be used or sold, or that are intended to be used in a manner other than their highest and best use. NXP does not have sufficient information at this time as to the specific nature, age, condition or location of the land, buildings and improvements, machinery and equipment, and assets not yet placed in service, as applicable, and NXP does not know the appropriate valuation premise, in use or in exchange, as the valuation premise requires a certain level of knowledge about the assets being evaluated as well as a profile of the associated market participants. All of these factors could result in differences between fair value and net book value. Accordingly, for the purposes of these unaudited pro forma condensed combined financial statements, NXP believes, to the best of its knowledge, that the current Freescale book values represent the best estimate of fair value. This estimate is preliminary and subject to change and could vary materially from the actual adjustment on the effective date of the merger. For each \$100 million of fair value adjustment that changes property, plant and equipment, there could be an annual change in depreciation expense approximating \$10 million (\$2.5 million per quarter), assuming a weighted average useful life of 10 years.

***Identified intangible assets***

As of the completion of the merger, identifiable intangible assets are required to be measured at fair value and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements, it is assumed that all assets will be used in a manner that represents their highest and best use. Based on internal assessments as well as discussions with Freescale, NXP identified the following significant intangible assets: customer relationships, developed technology, sales order backlog, trade name and in-process research and development.

For purposes of these unaudited pro forma condensed combined financial statements, the fair value of these intangible assets has been determined primarily through the use of the income approach, which requires an estimate or forecast of all the expected future cash flows through the use of either the multi-period excess earnings method or the relief-from-royalty method.

At this time, NXP does not have sufficient information as to the amount, timing and risk of the estimated future cash flows needed to perform a final valuation of customer relationships, developed technology, sales order backlog, trade name and in-process research and development. Some of the more significant assumptions inherent in the development of estimated cash flows, from the perspective of a market participant, include: the amount and timing of projected future cash flows (including revenue, cost of revenue, research and development expenses, sales and marketing expenses, net working capital, capital expenditures and contributory asset charges) and the discount rate selected to measure the risks inherent in the projections of future cash flows. However, for the purposes of these unaudited pro forma condensed combined financial statements, using currently available information, such as Freescale's historical and projected revenues, customer attrition rates, cost structure and certain other high-level assumptions, the fair value of the customer relationships, technology and other intangibles were estimated by NXP management to be as follows: customer relationships \$1,061 million, with a weighted average useful life of 11 years; developed technology \$5,318 million, with a weighted average useful life of 10 years; sales order backlog \$114 million, with a weighted average useful life of 0.3 years; trade name \$58 million, with a weighted average useful life of 5 years; and in-process research and development of \$1,411 million. Acquired in-process research and development (IPRD) is an intangible asset classified as an indefinite lived asset until the completion or abandonment of the associated research and development effort. IPRD will be amortized over an estimated useful life to be determined at the date the associated research and development effort is completed, or expensed immediately when, and if, the project is abandoned. Acquired IPRD is not amortized during the period that it is considered indefinite lived, but rather is subject to annual testing for impairment or when there are indicators of impairment.

These preliminary estimates of fair value and weighted-average useful life will likely be different from the final acquisition accounting, and the difference could have a material impact on the accompanying pro forma



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condensed combined financial statements. Once NXP has full access to the specifics of Freescale's intangible assets, additional insight will be gained that could impact: (i) the estimated total value assigned to intangible assets, and (ii) the estimated weighted-average useful life of each category of intangible assets. The estimated intangible asset values and their useful lives could be impacted by a variety of factors that may become known to NXP only upon access to additional information and/or changes in such factors that may occur prior to the effective time of the merger.

**NOTE 5 RECLASSIFICATION ADJUSTMENTS**

The purpose of the following reclassification adjustments is to conform Freescale's balance sheet presentation to NXP's balance sheet presentation. Freescale historically presented deferred tax assets, payroll and related benefits, restructuring liabilities and pension and postretirement benefits condensed in certain line items of the balance sheet, which are split out as separate financial line items to conform to NXP's balance sheet presentation. Additionally, Freescale historically presented certain tax items under other current assets, while NXP presents these under receivables, net. Furthermore, certain capitalized product specific costs were reclassified from other non-current assets to property, plant and equipment.

(\$ in millions)	As of December 31, 2014
Other current assets, as reported by Freescale	166
Reclassify to Deferred tax assets	(84)
Reclassify to Receivables, net	(31)
Adjusted Freescale Other current assets, to conform to NXP	51
Deferred tax assets, as reported by Freescale	
Reclassified from Other current assets	84
Adjusted Freescale Deferred tax assets, to conform to NXP	84
Receivables, net, as reported by Freescale	562
Reclassified from Other current assets	31
Adjusted Freescale Receivables, net, to conform to NXP	593
Accrued liabilities, as reported by Freescale	397
Reclassify to Restructuring liabilities - current	(30)
Reclassify to Payroll and related benefits	(156)
Adjusted Freescale Accrued liabilities, to conform to NXP	211
Restructuring liabilities - current, as reported by Freescale	
Reclassified from Accrued liabilities	30
Adjusted Freescale Restructuring liabilities - current, to conform to NXP	30
Payroll and related benefits, as reported by Freescale	
Reclassified from Accrued liabilities	156
Adjusted Freescale Payroll and related benefits, to conform to NXP	156
Other non-current liabilities, as reported by Freescale	476
Reclassify to Pension and postretirement benefits	(281)
Reclassify to Restructuring liabilities	(7)

Adjusted Freescale Other non-current liabilities, to conform to NXP	188
Pension and postretirement benefits, as reported by Freescale	
Reclassified from Other non-current liabilities	281
Adjusted Freescale Pension and postretirement benefits, to conform to NXP	281

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	As of December 31, 2014
(\$ in millions)	
Restructuring liabilities, as reported by Freescale	
Reclassified from Other non-current liabilities	7
Adjusted Freescale Restructuring liabilities, to conform to NXP	7
Other non-current assets, as reported by Freescale	297
Reclassify to Property, plant and equipment	(64)
Adjusted Freescale Other non-current assets, to conform to NXP	233
Property, plant and equipment, as reported by Freescale	750
Reclassified from Other non-current assets	64
Adjusted Freescale Property, plant and equipment, to conform to NXP	814

The purpose of the following reclassification adjustments is to conform Freescale's statement of operations presentation to NXP's statement of operations presentation. Freescale historically presented Amortization expense for acquired intangible assets as a separate financial statement line item, while NXP presents these expenses primarily in the Selling, general and administrative functional category. Additionally, Freescale historically presented Reorganization of business and other as a separate financial statement line item, while NXP splits out restructuring cost and disposition activities per functional category in Cost of revenue, Research and development, Selling, general and administrative and Other income (expense).

	Year-end December 31, 2014
(\$ in millions)	
Amortization expense for acquired intangible assets, as reported by Freescale	(15)
Reclassify to Selling, general and administrative	15
Adjusted Freescale Amortization expense for acquired intangible assets	
Reorganization of business and other, as reported by Freescale	(37)
Reclassify to Cost of revenue	4
Reclassify to Research and development	17
Reclassify to Selling, general and administrative	9
Reclassify to Other income (expense)	7
Adjusted Freescale Reorganization of business and other	
Cost of revenue, as reported by Freescale	(2,509)
Reclassified from Reorganization of business and other	(4)
Adjusted Freescale Cost of revenue to conform to NXP	(2,513)
Research and development, as reported by Freescale	(846)
Reclassified from Reorganization of business and other	(17)
Adjusted Freescale Research and development to conform to NXP	(863)
Selling, general and administrative, as reported by Freescale	(499)
Reclassified from Amortization expense for acquired intangible assets	(15)

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Reclassified from Reorganization of business and other	(9)
Adjusted Freescale Selling, general and administrative to conform to NXP	(523)
Other income (expense), as reported by Freescale	
Reclassified from Reorganization of business and other	(7)
Adjusted Freescale Other income (expense) to conform to NXP	(7)

**Table of Contents****NOTE 6 PRO FORMA ADJUSTMENTS**

The following is a description of the unaudited pro forma adjustments reflected in the unaudited pro forma condensed combined financial statements:

**Balance Sheet**

## (1) Cash and cash equivalents

The net pro forma adjustment of \$1,548 million to cash and cash equivalents is calculated as follows:

Cash portion of merger consideration	\$ (1,920)
Proceeds from additional borrowings	1,100
Payment of debt issuance costs	(75)
Redeemed debt of Freescale	(653)
<b>Net pro forma adjustment to cash and cash equivalents</b>	<b>\$ (1,548)</b>

## (2) Inventories, net

To record the difference between the historical book value and preliminary estimated fair values of Freescale's inventory acquired in the merger, no corresponding adjustments have been recorded in the unaudited pro forma condensed combined statement of operations as the step-up in inventory value is not expected to be recurring. Freescale's inventory consists of raw materials, work in process and finished goods. For purposes of these unaudited pro forma condensed combined financial statements, the preliminary fair value of inventory has been determined based on currently available information and certain high-level assumptions and may be different from the final acquisition accounting, and the difference could have a material impact on the accompanying pro forma condensed combined financial statements.

Raw material inventory is measured at fair value (current replacement cost), which is estimated to be the current carrying value.

Work-in-process inventory is estimated at the fair market value, which is the estimated selling price less the sum of (a) costs to complete the manufacturing process, (b) costs of selling effort, and (c) a reasonable profit margin for the completion of the manufacturing process and selling effort. Finished goods inventory is estimated at the fair market value, which is the estimated selling price less the sum of (a) costs of selling effort, and (b) a reasonable profit margin for the selling effort.

The pro forma adjustment of \$576 million reflects the step-up in value of the acquired work-in-process and finished goods inventory. The increased valuation of the inventory will increase cost of revenue as the acquired inventory is sold after the closing date of the merger. There is no continuing effect of the acquired inventory adjustment on the combined operating results and, as such, this adjustment is not addressed in the unaudited pro forma condensed combined statements of operations.

## (3) Identified intangible assets

The net pro forma adjustment to identified intangible assets, net, includes the elimination of Freescale pre-merger intangible assets and is calculated as follows:

Value assigned to intangible assets acquired (Note 4)	\$ 7,962
Pre-merger Freescale intangible assets	(59)
<b>Total pro forma adjustment to identified intangible assets</b>	<b>\$ 7,903</b>

See Note 4 for the estimated purchase price allocation. The final valuation could differ significantly from the current estimate. The pro forma purchase price allocation is preliminary as the merger has not yet been



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completed. The pro forma presentation assumes that the historical values of Freescale's tangible assets and liabilities approximate fair value. Additionally, the allocation of the purchase price to acquired intangible assets is preliminary and subject to the final outcome of management's analysis.

**(4) Goodwill**

The pro forma adjustment to goodwill is as follows:

Purchase price allocation to goodwill (Note 4)	\$ 10,577
(5) Accrued liabilities	

The pro forma adjustment of \$32 million includes an approximation of the unpaid non-recurring merger-related costs (that are not reflected in the historical financial statements of either NXP or Freescale) such as investment banking fees, legal fees, accounting fees, valuation fees and other expenses associated with the merger, which NXP expects to incur (estimated). While presented in the unaudited pro forma condensed combined balance sheet, these costs have been excluded from the unaudited pro forma condensed combined statements of operations as there is no continuing effect of such costs.

**(6) Long-term debt**

The net pro forma Long-term debt adjustment of \$559 million includes the issuance of additional debt by NXP of \$1,100 million to partially fund the cash portion of the merger consideration, \$112 million to record the difference between the historical book value and preliminary estimated fair value of Freescale's senior secured 5% notes due 2021 and senior secured 6% notes due 2022, offset by \$653 million of Freescale debt which will be redeemed prior to the completion of the merger and NXP anticipates capitalizing deferred financing costs of approximately \$75 million for the issuance of additional debt and the refinancing by NXP of Freescale's remaining \$3,457 million of debt which is reflected in other non-current assets. The corresponding change in interest expense that would have been recorded as a result in the change in fair value of the notes was minimal and has not been reflected in the unaudited pro forma condensed combined statement of operations.

**(7) Deferred income taxes**

To record deferred tax liabilities related to the change in fair values in connection with acquisition accounting and a consequential reduction of the existing valuation allowance of Freescale. These adjustments are based on a preliminary valuation and are subject to further review by NXP's management, which may result in material adjustments to deferred income taxes with an offsetting adjustment to goodwill.

**(8) Stockholders' equity**

The historical shareholders' equity of Freescale will be eliminated upon the completion of the merger. The total stockholders' equity of the combined company will be increased over the pre-merger NXP stockholders' equity by the value of the NXP ordinary shares delivered in connection with the merger. NXP will be delivering approximately \$11,398 million of NXP ordinary shares as part of the purchase price consideration, and estimates the number of replacement stock options, restricted share units and other equity-based awards to be \$232 million. The number of shares delivered is dependent on the number of Freescale common shares, stock options, restricted share units and other equity-based awards outstanding on the date of the merger. Refer to Note 3 for a discussion of the determination of the estimated preliminary purchase price which includes how the NXP ordinary shares to be delivered in connection with the merger and stock based awards outstanding at the date of the merger were valued.

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The calculation of the pro forma adjustments to total stockholders' equity is as follows:

Elimination of pre-merger Freescale equity balances	\$ 3,581
Impact of shares to be delivered to Freescale shareholders	11,630
Estimated transaction costs	(32)
<b>Total pro forma adjustment</b>	<b>\$ 15,179</b>

**Statement of Operations****(a) Cost of revenue, Research and development, Selling, general and administrative**

The adjustments reflect the amortization for customer relationships, developed technology, sales order backlog and trade name, which will be recognized in the statements of operations using a straight-line method over estimated useful lives between one and eleven years and post-merger stock compensation expense.

The pro forma adjustments related to amortization expense are as follows:

<i>Twelve months ended December 31, 2014:</i>	<b>Cost of revenue</b>	<b>Research and development</b>	<b>Selling, general and administrative</b>
Elimination of Freescale historical amortization expense	\$ (1)		\$ (15)
Amortization of intangible assets acquired		704	107
Incremental post-merger stock compensation expense	22	30	53
<b>Pro forma adjustment</b>	<b>\$ 21</b>	<b>\$ 734</b>	<b>\$ 145</b>

(b) Interest expense

The pro forma interest expense includes an adjustment of a \$30 million benefit as a result of the redemption of Freescale debt and the re-financing of senior secured term loan facilities at the completion of the merger offset by the issuance of NXP debt.

**(c) Income taxes**

The pro forma combined provision for income taxes does not reflect the amounts that would have resulted had NXP and Freescale filed consolidated income tax returns during the periods presented. The overall impact of the preliminary estimates of the tax effect of the pro forma adjustments has not been included as these estimates are subject to finalization by NXP's management. Preliminary estimates of the tax effect of the pro forma adjustments indicate a benefit resulting from a reduction of the deferred tax liability related to the amortization of intangible assets acquired and an expense for the effect of the reduction of the valuation allowance of Freescale. Estimated amounts of the pro forma tax effects could change significantly after the management of NXP has completed its evaluation of the merger.

**(d) Basic and diluted shares**

<i>(shares in thousands)</i>	<b>NXP year ended December 31, 2014</b>	<b>Freescale year ended December 31, 2014</b>	<b>Combined</b>
Historical basic weighted average shares outstanding	237,954	297,662	
Exchange ratio		0.3521	
<b>Adjusted basic and diluted weighted average shares outstanding</b>	<b>237,954</b>	<b>104,807</b>	<b>342,761</b>





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### **DESCRIPTION OF NXP ORDINARY SHARES**

*The following description of the material terms of the NXP ordinary shares is a summary only and is not a complete description of such terms. The rights of the holders of NXP ordinary shares will be governed by Dutch law and the articles of association of NXP. A copy of the articles of association of NXP is available on NXP's website and is incorporated by reference into this joint proxy statement/prospectus. See also the section entitled "Where You Can Find More Information." Freescale and NXP urge you to read the articles of association of NXP carefully and in their entirety.*

#### **Share Capital**

##### *Authorized Share Capital*

The articles of association of NXP provide for two classes of shares, 430,503,000 NXP ordinary shares and 645,754,500 cumulative preferred shares. The cumulative preferred shares are divided into one series numbered PA, consisting of 430,503,000 cumulative preferred shares and one series numbered PB, consisting of 215,251,500 cumulative preferred shares. All shares have a par value of EUR 0.20 each.

##### *Issued Share Capital*

As of close of business on [DATE], 2015, there were issued and outstanding (i) [ ] NXP ordinary shares (and [ ] NXP ordinary shares issued and held by NXP in treasury) and (ii) zero cumulative preferred shares.

#### **Issuance of NXP Ordinary Shares**

NXP ordinary shares are issued pursuant to a resolution proposed by the NXP board and adopted by the NXP general meeting.

The NXP board is authorized to issue shares if the NXP board has been authorized to do so by the NXP general meeting for a period not exceeding five years.

#### **Pre-emptive rights**

Upon the issuance of NXP ordinary shares, each holder of NXP ordinary shares has a pre-emptive right in proportion to the aggregate amount of its NXP ordinary shares. Holders of NXP ordinary shares do not have pre-emptive rights upon an issuance of NXP ordinary shares to NXP employees, an issuance of NXP ordinary shares against a contribution in kind or an issuance of cumulative preferred shares.

Pre-emptive rights can be restricted or excluded by the NXP general meeting, or by the NXP board if thereto authorized by the NXP general meeting for a period not exceeding five years.

#### **Transfer of NXP Ordinary Shares**

NXP ordinary shares can be transferred by private deed to which the transferor and the transferee are a party. All NXP ordinary shares traded on NASDAQ are included in the DTC-system and delivery of those shares will take effect through the clearing and settlement facilities of DTC.

#### **Form of NXP Ordinary Shares**

NXP ordinary shares are issued in registered form only. No share certificates are issued for NXP ordinary shares.

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### **Repurchase of NXP Ordinary Shares**

NXP is permitted to acquire fully paid-up shares in its own capital at any time if no consideration is paid therefor.

Furthermore, subject to certain provisions of Dutch law and the articles of association of NXP, NXP is permitted to repurchase fully paid-up shares in its own share capital if (i) the portion of NXP's equity that exceeds the aggregate of the paid-up and called-up part of the share capital and the reserves that must be maintained pursuant to Dutch law or the articles of association of NXP is at least equal to the aggregate purchase price paid in the repurchase and (ii) the aggregate par value of the shares to be acquired, and of any shares already held, by NXP and its subsidiaries does not exceed one-half of NXP's issued capital.

NXP will only be able to repurchase its shares following a resolution of the NXP board, acting pursuant to an authorization for the repurchase of shares granted by the NXP general meeting not exceeding a period of 18 months.

No authorization of the NXP general meeting is required if NXP shares are acquired by NXP for transfer to employees of NXP or its subsidiaries pursuant to a compensation scheme.

### **Capital Reduction**

The NXP general meeting may resolve to reduce the issued share capital by reducing the par value of the shares through an amendment to the articles of association of NXP or by cancelling shares. Only NXP ordinary shares held by NXP can be cancelled.

### **Dividends and Other Distributions**

The profits earned by NXP in a financial year will be distributed as follows:

If any cumulative preferred shares series PA are outstanding, a preferred dividend will be paid on each outstanding cumulative preferred share of series PA in an amount equal to 12-month EURIBOR plus up to 300 basis points as determined by the NXP board to be calculated over the paid-up part of the par value of the cumulative preferred shares and any unpaid preferred dividends relating to prior years.

If in a given financial year no profit is made or the profits are insufficient to allow for the full payment of the preferred dividend on the cumulative preferred shares series PA, the deficit will be charged to the distributable reserves. If the distributable reserves are not sufficient either, the profits earned in subsequent years will be applied first to clear the deficit on the cumulative preferred shares series PA.

After payment in full on the cumulative preferred shares series PA, a distribution will be made on the cumulative preferred shares series PB. The immediately preceding two bullets above apply *mutatis mutandis* on the payment of distributions on the cumulative preferred shares series PB.

Any amount of profits remaining after the payment described in the immediately preceding three bullets above will be carried to the reserve as the NXP board may deem necessary.

The then remaining profits are at the free disposal of the NXP general meeting.

Distributions of profits will be permitted only to the extent of that portion of NXP's equity that exceeds the aggregate of the paid-up and called-up part of the share capital and the reserves that must be maintained pursuant to Dutch law or the articles of association of NXP.

Distributions will be paid after the adoption of NXP's annual accounts, except that the NXP board may pay interim distributions to be charged against the distribution of profits if it appears from NXP's interim accounts that the requirements for the distribution of profits will be satisfied.



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### **General Meeting**

An NXP general meeting will be held at least once a year within six months after the end of the financial year. NXP general meetings are held in the Netherlands, in the municipality of Amsterdam, The Hague, Eindhoven, Haarlemmermeer, Rotterdam or Utrecht.

Notice of an NXP general meeting will be given at least 15 days before the date of the meeting. The record date for the NXP general meeting will be 28 days prior to the date of the meeting.

NXP shareholders (individually or collectively) representing at least 3% of NXP's issued share capital will be entitled to include items on the agenda of any NXP general meeting. The request must be made by such shareholders at the latest 60 days before the date the NXP general meeting.

One or more NXP shareholders representing (individually or collectively) at least 10% of NXP's issued share capital may request the Dutch court to order that an NXP general meeting be held and may on their application be authorized by the court to convene an NXP general meeting. The court will refuse the application only if the applicants have not previously requested the NXP board to convene an NXP general meeting and the NXP board has not taken the necessary steps so that the NXP general meeting could be held within six weeks after the request.

### **Voting Rights and Quorum**

Each NXP ordinary share and each cumulative preferred share confers the right to cast one vote at the NXP general meeting.

NXP does not follow NASDAQ's quorum requirements applicable to general meetings. Resolutions proposed to the NXP general meeting by the NXP board are adopted by a simple majority of the votes cast without a quorum requirement being applicable, unless Dutch law or the articles of association of NXP provide otherwise. Resolutions proposed by NXP shareholders require a resolution adopted by a two-thirds majority of the votes cast, which two-thirds majority represents at least half of the issued share capital.

Blank votes and invalid votes will be regarded as not have been cast. No votes may be cast in respect of NXP ordinary shares that are held by NXP or its subsidiaries.

### **Amendment to the Articles of Association**

The NXP general meeting is authorized to amend the articles of association of NXP, but only upon proposal by the NXP board. If a proposal to amend the articles of association of NXP is to be made at an NXP general meeting the notice convening the general meeting will state so. A copy of the proposal will be kept available at NXP's corporate seat in Eindhoven, the Netherlands, and such other locations as the NXP board determines for inspection by NXP shareholders until the conclusion of the NXP general meeting.

### **Major Transactions, Mergers, Demergers and Dissolution**

Resolutions of the NXP board regarding significant changes in the identity or nature of NXP or its businesses must be approved by the NXP general meeting. Significant changes in the identity or nature of NXP or its businesses include:

the transfer of all or nearly all of the businesses of NXP to a third party;

entering into or terminating a long-term cooperation of NXP with a third party, if such cooperation is of major significance to NXP;

becoming or withdrawing as a fully liable partner in a limited partnership or general partnership if such partnership is of major significance to NXP; or

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acquiring or disposing of participating interests in the capital of any legal entity at a value at least equal to one third of the sum of the assets of NXP as shown on its consolidated balance sheet according to the most recently adopted annual accounts (which accounts are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS)).

The resolution to enter into a legal merger or demerger or to dissolve NXP is adopted by the NXP general meeting on a proposal of the NXP board. In the event NXP is dissolved, the NXP board will be the liquidators of its assets, unless the NXP general meeting appoints other liquidators.

**Listing**

The NXP ordinary shares are listed on NASDAQ under the ticker symbol NXPI .

**Table of Contents****COMPARISON OF RIGHTS OF SHAREHOLDERS OF NXP AND FREESCALE**

*This section describes the material differences between the rights of Freescale shareholders before completion of the merger, and the rights of NXP shareholders. These differences arise principally from differences between Bermuda law and the Dutch Civil Code, and between Freescale's memorandum of association and bye-laws, on the one hand, and the articles of association of NXP, on the other hand.*

*Freescale is a Bermuda exempt limited liability company subject to the Companies Act. Freescale shareholders' rights are currently governed by Freescale's memorandum of association and bye-laws and Bermuda law. NXP is a Dutch public limited liability company. If the merger is completed, the rights of Freescale shareholders who become NXP shareholders will be governed by the Dutch Civil Code and the articles of association of NXP. The following description summarizes the material differences that may affect the rights of NXP shareholders and Freescale shareholders, but does not purport to be a complete summary of all those differences, or a complete description of the specific provisions referred to in this summary. The identification of specific differences is not intended to indicate that other equally significant or more significant differences do not exist. Shareholders should read carefully the relevant portions of the Companies Act, the Dutch Civil Code, Freescale's memorandum of association and bye-laws, and the articles of association and board rules of NXP. Copies of the documents referred to in this summary may be obtained as described in the section entitled *Where You Can Find More Information*.*

	<b>FREESCALE</b>	<b>NXP</b>
<b>Authorized Capital</b>	Freescale has an authorized share capital of \$10,000,000 consisting of (i) 900,000,000 common shares of par value \$0.01 per common share and (ii) 100,000,000 preference shares of par value \$0.01 per preference share.	NXP's authorized share capital consists of 430,503,000 NXP ordinary shares with a par value of EUR 0.20 each and 645,754,500 cumulative preferred shares with a par value of EUR 0.20 each, divided into one series numbered PA of 430,503,000 shares and one series numbered PB of 215,251,500 shares.
	As of close of business on [DATE], 2015, there were issued and outstanding (i) [ ] common shares (and [ ] common shares issued and held by Freescale in treasury) and (ii) zero preference shares.	As of close of business on [DATE], 2015, there were issued and outstanding (i) [ ] NXP ordinary shares (and [ ] NXP ordinary shares issued and held by NXP in treasury) and (ii) zero cumulative preferred shares.
<b>Voting Rights</b>	Each holder of Freescale common shares is entitled to one vote per share.	Each NXP ordinary share and each cumulative preferred share confers the right to cast one vote at the NXP general meeting.
		No votes may be cast at the NXP general meeting in respect of NXP shares that are held by NXP or any of its subsidiaries. Usufructuaries and pledgees of NXP shares that belong to NXP or its subsidiaries will not be excluded from the right to vote if the right of usufruct or pledge was created before the shares

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	<b>FREESCALE</b>	<b>NXP</b>
<b>Dividend Rights</b>	<p>Under Bermuda law, a company may pay dividends on its issued and outstanding shares in accordance with the company's bye-laws and the rights attaching to the company's shares. Dividends may be declared by a company's board of directors, out of any funds of the company legally available for the payment of such dividends, subject to any preferred dividend right of any holders of any preference shares from time to time.</p> <p>Subject to the bye-laws and in accordance with the Companies Act, the Freescale board may declare a dividend to be paid to Freescale shareholders, in proportion to the number of shares held by them.</p> <p>Dividends may be paid in cash, or wholly or partly in specie in which case the Freescale board may fix the value for distribution in specie of any assets. No unpaid dividend will bear interest as against Freescale.</p> <p>Under the Freescale bye-laws, the Freescale board may fix any date as the record date for determining Freescale shareholders entitled to receive any dividend.</p> <p>Before declaring a dividend, the Freescale board may set aside out of the surplus or profits of Freescale, such sum as it thinks proper as a reserve to be used to meet contingencies or for equalizing dividend or for any other purpose.</p>	<p>concerned were held by NXP or a subsidiary of NXP. NXP or a subsidiary of NXP may not cast votes for shares in respect of which NXP or the subsidiary holds a right of pledge or usufruct.</p> <p>Annually the NXP board may submit a proposal to the NXP general meeting with respect to the amount of dividend to be declared with respect to the prior financial year.</p> <p>A dividend proposal will be subject to the availability of distributable reserves or profits and may be affected by, among other factors, the NXP board's view on NXP's future liquidity requirements. Accordingly, the NXP board may determine not to pay a dividend or to pay a lower dividend with respect to any particular year, by adding all or a portion of the profits to NXP's reserves.</p> <p>The calculation of profits or reserves available for distribution will be based on NXP's Dutch statutory accounts prepared in accordance with IFRS. Distributions will only be permitted to be made to the extent that NXP's equity exceeds the aggregate of NXP's issued and paid-up share capital and reserves that must be maintained pursuant to Dutch law or the articles of association of NXP.</p> <p>If NXP cumulative preferred shares are outstanding, priority will be given to a preferred dividend to be paid on the outstanding cumulative preferred shares. This preferred dividend will be a fixed percentage of the amount paid up on such shares.</p> <p>If both cumulative preferred shares of series PA and series PB are outstanding, the distribution due on the cumulative preferred shares of the PA-series will be paid first. If in a given financial year no profit is made or the profits are insufficient to allow for a full distribution on the NXP cumulative preferred shares,</p>



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	<b>FREESCALE</b>	<b>NXP</b>
		<p>the deficit will be charged to the reserves. If the reserves are not sufficient either, the profits earned in subsequent years will be applied first to clear the deficit on the cumulative preferred shares.</p>
		<p>Dividends may be paid in cash or in kind.</p>
<b>Issuance of Shares</b>	<p>Subject to the bye-laws of Freescale and to any resolution of Freescale shareholders to the contrary, and without prejudice to any special rights previously conferred on the holders of any existing shares or class of Freescale shares, the Freescale board will have the power to issue any unissued shares of Freescale on such terms and conditions as it may determine.</p>	<p>NXP shares are issued pursuant to a resolution proposed by the NXP board and adopted by the NXP general meeting.</p> <p>The NXP board is authorized to issue shares if the NXP board has been authorized to do so by the NXP general meeting for a period not exceeding five years.</p>
<b>Pre-emptive Rights</b>	<p>Under Bermuda law, no shareholder has a pre-emptive right to subscribe for additional issuances of a company's shares unless, and to the extent that, the right is expressly granted to the shareholder under the bye-laws of such company or under any contract between the shareholder and the company. The Freescale bye-laws are silent with respect to pre-emptive rights for shareholders.</p>	<p>Upon the issuance of NXP ordinary shares, each holder of NXP ordinary shares has a pre-emptive right in proportion to the aggregate amount of its NXP ordinary shares. Holders of NXP ordinary shares do not have pre-emptive rights upon an issuance of NXP ordinary shares to NXP employees, an issuance of NXP ordinary shares against a contribution in kind or an issuance of cumulative preferred shares. Holders of cumulative preferred shares have no pre-emptive rights.</p> <p>Pre-emptive rights can be restricted or excluded by the NXP general meeting, or by the NXP board if authorized by the NXP general meeting for a period not exceeding five years.</p>
<b>Repurchase of Shares</b>	<p>Freescale may repurchase its own shares for cancellation or acquire them as treasury shares in accordance with the Companies Act on such terms as the Freescale board thinks fit.</p>	<p>NXP is permitted to acquire fully paid-up shares in its own share capital at any time if no consideration is paid therefor.</p> <p>Furthermore, subject to certain provisions of Dutch law and the articles of</p>

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**FREESCALE**

**NXP**

The Freescale board may exercise all of the powers of Freescale to purchase or acquire all or any part of its own shares in accordance with the Companies Act.

association of NXP, NXP is permitted to repurchase fully paid-up shares in its own share capital if (i) the portion of NXP's equity that exceeds the aggregate of the paid-up and called-up part of the share capital and the reserves that must be maintained pursuant to Dutch law or the articles of association of NXP is at least equal to the aggregate purchase price and (ii) the aggregate par value of the shares to be acquired, and of any shares already held, by NXP and its subsidiaries does not exceed one-half of NXP's issued capital.

NXP will only be able to repurchase its shares following a resolution of the NXP board, acting pursuant to an authorization for the repurchase of shares granted by the NXP general meeting not exceeding a period of 18 months.

No authorization of the NXP general meeting is required if NXP shares are acquired by NXP for transfer to employees of NXP or its subsidiaries pursuant to a compensation scheme.

**Restrictions on Transfers**

The Freescale board may refuse to recognize any instrument of transfer unless it is accompanied by the certificate in respect of the shares to which it relates and by such other evidence as the Freescale board may reasonably require to show the right of the transferor to make the transfer. Shares may also be transferred without a written instrument if transferred by an appointed agent or otherwise in accordance with the Companies Act.

There are no transfer restrictions on NXP ordinary shares. Any transfer of cumulative preferred shares will require the prior approval of the NXP board.

The Freescale board may in its absolute discretion and without providing a reason, refuse to register the transfer of a share which is not fully paid up. The Freescale board must refuse to register a transfer unless all applicable consents, authorizations and permissions of any governmental body or agency in Bermuda have been obtained (if required). If the Freescale board refuses to register a

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	<b>FREESCALE</b>	<b>NXP</b>
	transfer of any share the secretary must send to the transferor and transferee notice of the refusal within three months after the date on which the transfer was lodged with Freescale.	
<b>Appraisal / Dissenters Rights</b>	<p>Under Bermuda law, a dissenting shareholder of an amalgamating or merging company that does not believe it has been offered fair value for its shares may apply to the Bermuda Court to appraise the fair value of its shares.</p> <p>Where the Bermuda Court has appraised any such shares and the amalgamation or merger has been completed before the appraisal then, within one month of the Bermuda Court appraising the value of the shares, if the amount (if any) paid to the dissenting shareholder for its shares is less than that appraised by the Bermuda Court, the amalgamated or merged company will pay to such shareholder the difference between the amount paid to such shareholder and the value appraised by the Bermuda Court.</p>	<p>Dutch law only provides appraisal rights in the context of a cross-border merger within the European Economic Area: to the extent that the acquiring company in a cross-border merger is organized under the laws of another member state of the European Economic Area, a shareholder of a Dutch company that will disappear in such merger who has voted against the cross-border merger may file a claim with the Dutch company for compensation instead of receiving shares in the share capital of the acquiring company.</p> <p>No such rights will be available to NXP shareholders in the merger.</p>
<b>Number of Directors</b>	The Freescale board must consist of at least 3 and no more than 15 directors, the exact number to be fixed from time to time by resolutions of the Freescale board.	The NXP board consists of one or more executive directors and one or more non-executive directors. The NXP board determines the number of executive and non-executive directors.
<b>Nomination and Election of Directors</b>	<p>Subject to the Amended and Restated Shareholders Agreement of Freescale, dated as of June 1, 2011, by and among Freescale, the sponsor shareholder and the other parties thereto, which we refer to in this joint proxy statement/prospectus as the Freescale shareholders agreement, the Freescale board will be elected or appointed, except in the case of a casual vacancy, at each annual general meeting or any special general meeting called for that purpose.</p> <p>Subject to the Freescale shareholders agreement, at any general meeting, Freescale shareholders may authorize the Freescale board to fill any vacancy in their number left unfilled at a general meeting.</p>	<p>Both the executive and non-executive directors are appointed by the NXP general meeting upon the binding nomination of the NXP board.</p> <p>The NXP general meeting may overrule the binding nomination by a two-thirds majority of the votes cast, which two-thirds majority must represent more than half of the issued share capital. If a nomination is overruled, the NXP board will prepare a new nomination.</p> <p>If the NXP board has not made a nomination in due time, the NXP general meeting will be free to appoint NXP directors at its discretion. A resolution to appoint a director that was not nominated</p>

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**FREESCALE**

**NXP**

Subject to the Freescale shareholders agreement only persons who are proposed or nominated in accordance with the Freescale bye-laws will be eligible for election as directors. Any Freescale shareholder or the Freescale board may propose any person for election as a director.

by the NXP board may only be appointed by a two-thirds majority of the votes cast, which two-thirds majority must represent more than half of the issued share capital.

Except for a director retiring at the meeting in question or a person proposed for re-election or election as a director by the Freescale board, when any person is to be proposed for election as a director, notice must be given to Freescale of the intention to propose him and his willingness to serve as a director.

Where a director is elected:

at an annual general meeting, notice must be given no less than 90 days and no more than 120 days before the anniversary of the last annual general meeting prior to the giving of the notice of such meeting or, in the event the annual general meeting is called for a date that is not 25 days before or after such anniversary the notice must be given not later than 10 days following the earlier of the date on which notice of the annual general meeting was posted to Freescale shareholders or the date on which public disclosure of the date of the annual general meeting was made; and

at a special general meeting, notice must be given no later than 10 days following the earlier of the date on which notice of the special general meeting was posted to Freescale shareholders or the date on which public disclosure of the date of the special general meeting was made.

Where persons are validly proposed for re-election or election as directors, the persons receiving the most votes (up to the number of directors to be elected) will be elected as directors, and an absolute majority of the votes cast will not be a prerequisite to the election of such directors.

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	<b>FREESCALE</b>	<b>NXP</b>
<b>Term of Office</b>	All directors will be elected for such terms as determined by Freescale shareholders in general meetings, or in the absence of such determination, until the earlier of the next annual general meeting, the election or appointment of their successors, or their office is otherwise vacated.	Each director is appointed for a term ending at the close of the annual NXP general meeting held in the financial year one year after his appointment.
<b>Removal and Suspension of Directors</b>	<p>Freescale's bye-laws provide that Freescale shareholders may remove a director at any special general meeting by majority vote, but only for cause.</p> <p>For so long as Freescale is a controlled company (i.e., a company of which more than 50% of the voting power is beneficially owned by the initial shareholder and the sponsors (both as defined in Freescale's bye-laws), Freescale shareholders may by majority vote remove any director, with or without cause.</p> <p>The notice of a meeting convened for the purpose of removing a director must contain a statement of intention to do so and be served on such director not less than 14 days before the meeting.</p> <p>The director subject to removal will be entitled to be heard on the motion for his removal.</p>	<p>The NXP general meeting may at any time remove or suspend a director. NXP executive directors may also be suspended by the NXP board.</p> <p>If either the NXP general meeting or the NXP board has suspended a director, the suspension should be followed within a reasonable period either by the dismissal of the suspended director by the NXP general meeting, or by the termination of the suspension by the NXP general meeting or the NXP board. If an NXP general meeting is scheduled to consider the suspension or dismissal of a director, such director is entitled to be given notice of the meeting and to present his case at the NXP general meeting.</p>
<b>Alternate Directors</b>	<p>Any director may appoint an alternate by notice deposited with the secretary. Any alternate director has all the rights and powers of the director or directors for whom such person is appointed in the alternative.</p> <p>The alternate director will not be counted more than once in determining whether or not a quorum is present.</p> <p>An alternate director is entitled to receive notice of all meetings of the board and to attend and vote at any such meeting at which a director for whom such alternate director was appointed in the alternative is not personally present and generally to perform at such meeting all the functions of such director for whom such alternate director was appointed.</p>	<p>The concept of alternate directors is not recognized under Dutch law.</p>

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	<b>FREESCALE</b>	<b>NXP</b>
<b>Vacancies on the Board</b>	<p>Subject to the provisions of the Freescale shareholders agreement, Freescale shareholders in a general meeting or the Freescale board have the power to appoint any person as a director to fill a vacancy on the Freescale board occurring as a result of death, disability, disqualification or resignation of any director or as a result of an increase in the size of the Freescale board and to appoint an alternate director to any director so appointed.</p> <p>The Freescale bye-laws provide that the office of a director will be vacated if the director is (a) removed from office pursuant to the Freescale bye-laws or is prohibited from being a director by law, (b) is or becomes bankrupt, or makes any arrangement or composition with his creditors generally, (c) is or becomes of unsound mind or dies or (d) resigns his office by notice in writing to Freescale.</p>	<p>Both the executive and non-executive directors are appointed by the NXP general meeting upon the binding nomination of the NXP board. The NXP general meeting may overrule the binding nomination by a two-thirds majority of the votes cast, which two-thirds majority must represent more than half of the issued share capital. If a nomination is overruled, the NXP board will prepare a new nomination.</p> <p>If the NXP board has not made a nomination in due time, the NXP general meeting will be free to appoint members of the NXP board at its discretion. A resolution to appoint a director that was not nominated by the NXP board may only be appointed by a two-thirds majority of the votes cast, which two-thirds majority must represent more than half of the issued share capital.</p> <p>In the event of the absence or inability to act of one or more directors, the powers of the NXP board remain in force. If all executive directors are absent or not able to act, the non-executive directors will be authorized to temporarily entrust the management of NXP to others. If all non-executive directors or the full NXP board are or is absent or not able to act, the NXP secretary will be responsible for the management of NXP until the vacancies have been filled.</p>
<b>Compensation of Directors</b>	<p>Section 13 of the Companies Act provides that the administration of every Bermuda company will be regulated by its bye-laws. The Freescale bye-laws provide that the Freescale board will determine the remuneration (if any) of the directors.</p> <p>Freescale's nominating and corporate governance committee has been delegated the responsibility for reviewing and considering any revisions to compensation for non-employee directors by the Freescale board. The Freescale board reviews the nominating and corporate governance committee's</p>	<p>NXP has a policy in respect of the remuneration of directors. This policy is adopted by the NXP general meeting upon proposal of the NXP board.</p> <p>The remuneration of the executive directors is determined by the NXP board (without the participation of any executive director in the deliberation and decision-making process) with due observance of the remuneration policy. The remuneration of the non-executive directors is determined by the NXP general meeting with due observance of the remuneration policy.</p>

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	<b>FREESCALE</b>	<b>NXP</b>
	recommendations and makes the final determination regarding compensation for non-employee directors.	Remuneration of directors in the form of NXP ordinary shares or rights to NXP ordinary shares (options) requires the approval of the NXP general meeting.
<b>Written Consent by Shareholders</b>	Subject to the provisions of Freescale's bye-laws, anything which may be done by resolution of Freescale shareholders in any general meeting or by resolution of a meeting of any class of Freescale shareholders may, without a meeting be done by resolution in writing.	Dutch law provides that resolutions of shareholders can be adopted by written consent if provided for in the articles of association. The articles of association of NXP do not provide for the adoption of resolutions of the NXP general meeting by written consent.
	Notice of any resolution to be made in writing must be given, and a copy of the resolution will be circulated, to Freescale shareholders who would be entitled to attend a meeting and vote on the resolution. The accidental omission to give notice to or non-receipt of notice by a person entitled to receive notice does not invalidate the passing of resolution.	
	A resolution in writing:	
	is passed when it is signed by or on behalf of the requisite majority of Freescale shareholders who at the date of the notice would be entitled to attend the meeting and vote on the resolution;	
	may be signed by any number of counterparts;	
	is as valid as if it had been passed by Freescale in general meeting or by a meeting of the relevant class of Freescale shareholders for the purposes of the Companies Act; and	
	will constitute minutes for the purposes of the Companies Act.	
	Written resolutions may not be passed to remove an auditor or a director from office before the expiry of his term of office.	

<b>Annual General Meetings</b>	The annual general meeting of Freescale will be held in each year at such time and place as the chief executive officer or the chairman of the Freescale board (if any) or the Freescale board appoints.	An NXP general meeting will be held at least once a year within six months after the end of the financial year. NXP general meetings are held in the Netherlands, in the municipality of
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	<b>FREESCALE</b>	<b>NXP</b>
<b>Extraordinary General Meetings</b>	<p>The chief executive officer or the chairman of the Freescale board, or the Freescale board may convene a special general meeting of Freescale whenever in their judgment such a meeting is necessary.</p> <p>The Freescale board will, on the requisition of shareholders holding at the date of the deposit of the requisition not less than one-tenth of such of the paid-up share capital of Freescale as at the date of the deposit carries the right to vote at general meetings of Freescale, forthwith proceed to convene a special general meeting of Freescale.</p>	<p>Amsterdam, The Hague, Eindhoven, Haarlemmermeer, Rotterdam or Utrecht.</p> <p>NXP extraordinary general meetings will be convened by the NXP board, or whenever one or more NXP shareholders representing the minimum percentage of at least one-tenth of the issued and outstanding capital so request the NXP board in writing. Such request must specify the subjects which the applicants wish to be discussed.</p>
<b>Shareholder Proposals</b>	<p>Under Bermuda law, shareholders may, at their own expense (unless the company otherwise resolves), as set forth below, require a company to give notice of any resolution that shareholders can properly propose at the next annual general meeting and/or to circulate a statement (of not more than 1000 words) in respect of any matter referred to in a proposed resolution or any business to be conducted at that general meeting. The number of shareholders necessary for such a request is either the number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the request a right to vote at the meeting to which the request relates, or not less than 100 shareholders.</p>	<p>NXP shareholders (individually or collectively) representing at least 3% of NXP's issued share capital will be entitled to include items on the agenda of any NXP general meeting. The request must be made by such shareholders at the latest 60 days before the date of the NXP general meeting.</p> <p>If one or more shareholders intend to request that an item be put on the agenda that may result in a change of NXP's strategy, the NXP board will be given the opportunity to stipulate a reasonable period of up to 180 days in which to respond.</p>
<b>Notice and Record Date of Shareholder Meetings</b>	<p>Not less than 10 and no more than 60 days' notice of an annual or special general meeting must be given to each Freescale shareholder entitled to attend and vote, stating the date, place and time at which the meeting is to be held, that the election of directors will take place, and the other business to be conducted at the meeting. If a special general meeting is called upon at the request of the initial shareholder</p>	<p>Notice of an NXP general meeting will be given by NXP at least 15 days before the date of the meeting.</p> <p>The record date for the NXP general meeting will be 28 days prior to the date of the meeting.</p>

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or an affiliate (both as defined in the Freescale bye-laws) then not less than 5 days notice of such special general meeting must be given.

The Freescale board may fix any date as the record date for determining Freescale shareholders entitled to receive notice of and to vote at any general meeting of Freescale.

A general meeting of Freescale may be called on shorter notice than that specified in the bye-laws if it is so agreed by (i) all Freescale shareholders entitled to attend and vote in the case of an annual general meeting; and (ii) by a majority in number of Freescale shareholders having the right to attend and vote at the meeting, being a majority together holding not less than 95% in nominal value of the shares giving a right to attend and vote in the case of a special general meeting.

**Quorum**

At any general meeting of Freescale two or more persons present in person and representing in person or by proxy in excess of 50% of the total issued and outstanding voting shares in Freescale as of the relevant record date throughout the meeting will form a quorum for the transaction of business. If Freescale has only one shareholder at any time, one shareholder present in person or by proxy will form a quorum for the transaction of business at any general meeting of Freescale held during such time.

If within half an hour from the time appointed for the meeting a quorum is not present, then, in the case of a meeting convened on requisition, the meeting will be deemed cancelled, and, in any other case, the meeting will stand adjourned to the same day one week later, at the same time and place or to such other day, time or place as the secretary may determine. Unless the meeting is so adjourned to a specific date and time, fresh notice of the date, time and place for the resumption of the adjourned meeting will be given to each shareholder.

NXP does not follow NASDAQ's quorum requirements applicable to general meetings.

Resolutions proposed to the NXP general meeting by the NXP board are adopted by a simple majority of the votes cast without a quorum requirement being applicable, unless Dutch law or the articles of association of NXP provide otherwise. Resolutions proposed by NXP shareholders require a resolution adopted by a two-thirds majority of the votes cast, which two-thirds majority represents at least half of the issued share capital.

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No business will be transacted at any general meeting unless a quorum is present when the meeting proceeds to business and continues throughout the meeting, but the absence of a quorum will not preclude the appointment, choice or election of a chairman of the meeting which will not be treated as part of the business of the meeting.

**Voting Rights and Proxies**

A Freescale shareholder may appoint a proxy by an instrument appointing a proxy in writing in substantially the form prescribed in the bye-laws or such other form as the Freescale board may determine from time to time.

An NXP shareholder may appoint a proxy by written instrument. At the convocation of an NXP general meeting, the NXP board will make a proxy-form available to shareholders.

The appointment of a proxy must be received by Freescale at the registered office or at such other place or in such manner as is specified in the notice convening the meeting or in any instrument of proxy sent out by Freescale in relation to the meeting at which the person named in the appointment proposes to vote, and an appointment of proxy which is not received in the manner so permitted will be invalid.

The notice convening the meeting or instrument of proxy made available by NXP in relation to the meeting at which the person named in the appointment proposes to vote will include instructions for delivery of the proxy to NXP.

A Freescale shareholder who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf in respect of different shares.

An NXP shareholder who is the holder of two or more NXP shares may appoint more than one proxy to represent him and vote on his behalf in respect of different NXP shares.

The decision of the chairman of any general meeting as to the validity of any appointment of a proxy will be final.

**Approval of Certain Transactions**

Section 106 of the Companies Act provides that unless Freescale's bye-laws provide otherwise, the merger of Freescale with another company must be approved by a majority vote of three-fourths of those voting at such meeting and the quorum must be two persons at least holding or representing by proxy more than one-third of the issued shares of the company.

Resolutions of the NXP board regarding significant changes in the identity or nature of NXP or its businesses must be approved by the NXP general meeting. Significant changes in the identity or nature of NXP or its businesses include:

the transfer of all or nearly all of the businesses of NXP to a third party;

Freescale's bye-laws provide that a merger must be approved by a resolution

entering into or terminating a long-term cooperation of NXP with a third party, if such cooperation is of major significance to NXP;



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of at least a majority of all votes attaching to all shares in issue entitling the holder to attend and vote on such resolution.

becoming or withdrawing as a fully liable partner in a limited partnership or general partnership if such partnership is of major significance to NXP; or

The Companies Act is silent on whether a company's shareholders are required to approve a sale, lease or exchange of all or substantially all of such company's property and assets. Bermuda law does require, however, that shareholders approve certain forms of mergers and reconstructions.

acquiring or disposing of participating interests in the capital of any legal entity at a value at least equal to one third of the sum of the assets of NXP as shown on its consolidated balance sheet according to the most recently adopted annual accounts (which accounts are prepared in accordance with IFRS).

Takeover: Bermuda does not have any takeover regulations applicable to shareholders of Bermuda companies. Amalgamations and mergers: Under Bermuda law, the amalgamation or merger of a Bermuda company with another company or corporation (other than certain affiliated companies) requires the amalgamation or merger agreement to be approved by the company's board of directors and by its shareholders. Unless the company's bye-laws provide otherwise, the approval of 75% of the shareholders voting at such meeting is required to approve the amalgamation or merger agreement, and the quorum for such meeting must be two or more persons holding or representing more than one-third of the issued shares of the company. Freescale's bye-laws provide that a merger must be approved by a resolution of at least a majority of all votes attaching to all shares in issue entitling the holder to attend and vote on such resolution For purposes of approval of an amalgamation or merger, all shares, whether or not otherwise entitled to vote, carry the right to vote. A separate vote of a class of shares is required if the rights of such class would be altered by virtue of the amalgamation or merger. Any shareholder who does not vote in favor of the amalgamation or merger and who is not satisfied that he or she has been offered fair value for his or her shares may, within one month of receiving the company's notice of shareholder meeting to consider the amalgamation or merger,

The resolution to enter into a legal merger or demerger is adopted by the NXP general meeting on a proposal of the NXP board.

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**FREESCALE**

**NXP**

apply to the Bermuda Court to have the fair value of his or her shares appraised. No appeal will lie from an appraisal by the Bermuda Court. The costs of any application to the Bermuda Court will be in the discretion of the Bermuda Court.

**Amendments to the Articles of Association**

Bermuda law provides that the memorandum of association of a company may be amended by a resolution passed at a general meeting of shareholders of which due notice has been given. An amendment to the memorandum of association that alters a company's business objects may require approval of the Bermuda Minister of Finance, who may grant or withhold approval at his or her discretion.

The NXP general meeting is authorized to amend the articles of association of NXP, but only upon proposal by the NXP board. If a proposal to amend the articles of association of NXP is to be made at an NXP general meeting the notice convening the general meeting will state so. A copy of the proposal will be kept available at NXP's corporate seat in Eindhoven, the Netherlands, and such other locations as the NXP board determines for inspection by NXP shareholders until the conclusion of the NXP general meeting.

Under Bermuda law, the holders of an aggregate of not less than 20% in par value of a company's issued share capital or any class thereof or the holders of not less than 20% of the debentures entitled to object to amendments to the memorandum of association have the right to apply to the Bermuda Court for an annulment of any amendment to the memorandum of association adopted by shareholders at any general meeting. This does not apply to an amendment that alters or reduces a company's share capital as provided in the Companies Act. Upon such application, the alteration will not have effect until it is confirmed by the Bermuda Court. An application for an annulment of an amendment to the memorandum of association must be made within 21 days after the date on which the resolution altering the company's memorandum of association is passed and may be made on behalf of persons entitled to make the application by one or more of their number as they may appoint in writing for the purpose. No application may be made by shareholders voting in favor of the amendment.

**Shareholder Inspection of Corporate Records**

Under Bermuda law, shareholders of the general public have the right to inspect a company's public documents available at

Individual NXP shareholders can in principle raise questions and request information from the NXP board

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the office of the Registrar, which will include a company's memorandum of association (including its objects and powers) and any alterations to its memorandum of association, including any increase or reduction of the company's authorized capital.

Registered shareholders have the additional right to inspect the bye-laws, minutes of general meetings and audited financial statements of a company, which must be presented to the annual general meeting of shareholders. A company's register of shareholders is also open to inspection by shareholders, and to shareholders of the public, without charge. The register of shareholders is required to be open for inspection for not less than two hours in any business day (subject to the ability of a company to close the register of shareholders for not more than 30 days in a year). A company is required to maintain a share register in Bermuda but may, subject to the provisions of the Companies Act, establish a branch register outside Bermuda. A company is required to keep at its registered office a register of its directors and officers which is open for inspection for not less than two hours in any business day by shareholders of the public without charge. Bermuda law does not, however, provide a general right for shareholders to inspect or obtain copies of any other corporate records.

**Personal Liability of Directors**

The Companies Act provides that the business of a company is to be managed and conducted by the board of directors. Under Bermuda law, at common law, members of a board of directors owe fiduciary and other duties to the company to act in good faith in their dealings with or on behalf of the company and exercise their powers and fulfill the duties of their office honestly. This duty has the following essential elements:

a duty to act in good faith in the best interests of the company;

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during an NXP general meeting. The NXP board will provide the NXP general meeting with all requested information, unless this would be contrary to an overriding interest of the company.

Pursuant to the Dutch civil code, each holder of NXP shares may inspect: (i) the annual accounts of NXP, prepared in accordance with IFRS, that are submitted to the NXP general meeting for adoption, (ii) the annual report of NXP, (iii) a copy of any proposal to amend the articles of association of NXP at the same time as the notice for the NXP general meeting referring to such proposals is published, (iv) the register of shareholders with regard to NXP shares and (v) the record of resolutions adopted by the NXP general meetings.

Each holder of NXP shares may request a copy of or extract from the documents in (i), (ii), (iii) and (v) above, and each holder of NXP shares in registered form will be provided upon its request with written evidence of the content of the register of shareholders with regard to the NXP shares registered in its name.

Liability of NXP directors under Dutch law is primarily liability towards NXP. NXP directors are potentially liable to NXP if they have improperly performed their duties. Actual liability only arises if the breach of duties qualifies as a serious breach. In such a case, the NXP director concerned would be liable for the damages caused to NXP. Shareholders cannot sue NXP directors directly for losses they have incurred as a result of damages caused to NXP. Moreover, NXP shareholders are unable to file a derivative suit for those damages on behalf of NXP.

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a duty not to make a personal profit from opportunities that arise from the office of director;

a duty to avoid conflicts of interest; and

a duty to exercise powers for the purpose for which such powers were intended.

The Companies Act imposes a duty on directors and officers of a Bermuda company:

to act honestly and in good faith with a view to the best interests of the company;

to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and

to disclose material conflicts of interest to the board of the company at the first opportunity.

In addition, the Companies Act imposes various duties on directors and officers of a company with respect to certain matters of management and administration of the company. Section 281 of the Companies Act provides that in any proceedings for negligence, default, breach of duty or breach of trust against any officer, if it appears to the Bermuda Court that such officer is or may be liable in respect of the negligence, default, breach of duty or breach of trust, but that he or she has acted honestly and reasonably, and that, having regard to all the circumstances of the case, including those connected with his or her appointment, he or she ought fairly to be excused for the negligence, default, breach of duty or breach of trust, that the Bermuda Court may relieve him or her, either wholly or partly, from any liability on such terms as the Bermuda Court may think fit. This provision has been interpreted to apply only to

Under circumstances, however, directors may become personally liable, individually or jointly, either to NXP shareholders, the bankrupt estate or third parties (e.g., creditors). Such civil liability can be based on different legal grounds, depending on to whom and in what circumstances liability is alleged to exist.



actions brought by or on behalf of the company against such officers.

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**Indemnification**

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Bermuda law permits a company to indemnify its directors, officers and auditors with respect to any loss arising or liability attaching to such person by virtue of any rule of law concerning any negligence, default, breach of duty, or breach of trust of which the directors, officers or auditors may be guilty in relation to the company or any of its subsidiaries; provided that the company may not indemnify a director, officer or auditor against any liability arising out of his or her fraud or dishonesty. Bermuda law also permits a company to indemnify its directors, officers and auditors against liability incurred by them in defending any civil or criminal proceedings in which judgment is given in their favor or in which they are acquitted, or when the Bermuda Court grants relief to them under Section 281 of the Companies Act. Bermuda law permits a company to advance moneys to directors, officers and auditors to defend civil or criminal proceedings against them on condition that these moneys are repaid if the allegation of fraud or dishonesty is proved.

Section 98A of the Companies Act permits companies to purchase and maintain insurance for the benefit of any officer or director in respect of any loss or liability attaching to him or her in respect of any negligence, default, breach of duty or breach of trust in relation to the company or any subsidiary thereof, whether or not the company may otherwise indemnify such officer or director.

In accordance with the provisions in the Freescale bye-laws, Freescale agrees to indemnify its directors, resident representative, secretary and other officers who have acted in relation to any of the affairs for Freescale from and against all actions, costs, charges, losses, damages and expense that they may incur by reason of any act done, concurred in or omitted in or about the execution of their

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The articles of association of NXP provide that directors and former directors are to be reimbursed for damages and various reasonable costs and expenses related to claims brought against them in connection with the exercise of their duties. However, there will 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, intentionally reckless or seriously culpable 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.

NXP furthermore provides the following indemnification to current and former directors: unless prohibited by law in a particular circumstance, NXP will reimburse current and former directors for damages and various costs and expenses related to claims brought against them in connection with the exercise of their duties.

Directors and Officers Liability Insurance:

Directors and Officers liability insurance with regard to wrongful acts has been taken out for directors. This policy covers cases up to a maximum amount of \$200 million per claim and per year.

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**FREESCALE**

duty, or supposed duty, or in their respective offices or trust, except in relation to any matters relating to fraud or dishonesty.

In accordance with the provisions in the Freescale bye-laws, Freescale shareholders have agreed to waive any claims they may have against any director or officer of the company in connection with the performance of their duties, other than in relation to any matters relating to fraud or dishonesty.

The rights of shareholders under Bermuda law are not as extensive as the rights of shareholders under legislation or judicial precedent in many U.S. jurisdictions. Class actions and derivative actions are generally not available to shareholders under the laws of Bermuda. However, the Bermuda Court ordinarily would be expected to follow English case law precedent, which would permit a shareholder to commence an action in the company's name to remedy a wrong done to the company where the act complained of is alleged to be beyond its corporate power or is illegal or would result in the violation of its memorandum of association or bye-laws. Furthermore, consideration would be given by the Bermuda Court to acts that are alleged to constitute a fraud against the minority shareholders or, for instance, where an act requires the approval of a greater percentage of shareholders than that which actually approved it or where a power vested in the board of directors has been exercised for an improper purpose.

When the affairs of a company are being conducted in a manner which is oppressive or prejudicial to the interests of some part of the shareholders, one or more shareholders may apply to the Bermuda Court, which may make such order as it sees fit, including an order regulating the conduct of the company's affairs in the future or ordering the purchase of the shares of any shareholders by other shareholders or by the company.

**NXP**

Under the terms of the policy, wrongful acts include: any actual or alleged breach of trust, breach of duty, neglect, error, misstatement, misleading statement, omission or other act wrongfully committed.

If a third party is liable to a Dutch public company, only the company can bring a civil action against that party. Individual shareholders do not have the right to bring an action on behalf of the company of which they are a shareholder. Only if the cause for the liability of a third party to the company also constitutes a wrongful act directly against a shareholder, does that shareholder have an individual action against such third party. Dutch law provides for the possibility to initiate such actions collectively. A foundation or association whose objective is to protect the rights of a group of persons having similar interests can commence a collective action. Such collective action can only result in a declaratory judgment. Often, a settlement is then reached on the basis of such declaratory judgment. A Dutch court may declare the settlement binding upon all the parties with an opt-out choice for an individual party.

If a director is liable to the company, for example, on the grounds of improper performance of his or her duties, only the company itself can bring a civil action against that director. Individual shareholders do not have the right to bring an action against the director on behalf of the company of which they are a shareholder.

Shareholders meeting certain thresholds and certain other stakeholders of the company can initiate inquiry proceedings with the Dutch Enterprise Chamber of the Court of Appeals in Amsterdam, the

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**FREESCALE**

**NXP**

Each shareholder of Freescale agrees to waive any claim or right of action it might have, whether individually or by or in the right of Freescale, against any director or officer on account of any action taken by such director or officer, or the failure of such director or officer to take any action in the performance of his duties with or for Freescale, however, such waiver does not extend to any matter in respect of any fraud or dishonesty which may attach to such director or officer.

Netherlands (*ondernemingskamer van het gerechtshof te Amsterdam*), which we refer to in this joint proxy statement/prospectus as the Enterprise Chamber. Claimants may request an inquiry into the policy of the company and the conduct of its business. The Enterprise Chamber will only order an inquiry if a plaintiff can demonstrate that well-founded reasons exist to doubt the soundness of the policies of the company or the conduct of its business. The proceedings may only be initiated after the claimant has given the board of directors of the company advance written notice of its objections to the policy of the company or the conduct of the business. Ample time should be given to the company to examine the objections and to address the alleged issues.

**Conflict of Interest Transactions**

Freescale's bye-laws provide that any director or any director's firm, partner or company with whom any director is associated, may act in any capacity (other than its auditor) for, be employed by or render services to Freescale and such director or such director's firm, partner or company will be entitled to remuneration as if such director were not a director.

A director may not take part in any discussion or decision-making that involves a subject or transaction in relation to which he has a direct or indirect conflict of interest with NXP.

Freescale's bye-laws also provide that a director who is directly or indirectly interested in a contract or proposed contract or arrangement with Freescale will declare the nature of such interest as required by Section 97 of the Companies Act. Following a declaration being made pursuant to Freescale's bye-laws, and unless disqualified by the chairman of the relevant board meeting, a director may vote in respect of any contract or proposed contract or arrangement in which such director is interested and may be counted in the quorum for such meeting.

If no resolution can be adopted by the NXP board as a consequence of all directors having a conflict of interest, the applicable resolution will be adopted by the NXP general meeting. The board regulations contain further detailed rules regarding conflicts of interest (available at NXP's website, [www.nxp.com](http://www.nxp.com)).

Appendix A to the bye-laws of Freescale also sets out further restrictions in respect of certain corporate opportunities between Freescale, its

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sponsor shareholders and their affiliates (as such terms are defined in Appendix A to Freescale's bye-laws).

In addition, the Freescale board has adopted a written policy that requires its nominating and corporate governance committee to review and approve or ratify all related party transactions that involve a value of \$120,000 or more (excluding employment relationships). The Freescale compensation and leadership committee is responsible for reviewing and approving or ratifying any employment relationship with a related party that involves compensation of \$120,000 or more. Furthermore, the Freescale board has also adopted a written policy under which it must review and approve any transactions with certain equityholders of the sponsor shareholder, Freescale's largest shareholder, or their affiliates in excess of \$5 million.

**Squeeze-Out Proceedings**

An acquiring party is generally able to acquire compulsorily the common shares of minority holders in the following ways:

By a Bermuda Court approved scheme of arrangement under Section 99 of the Companies Act. Schemes may be transfer schemes or cancellation schemes but, unlike a transfer scheme, a cancellation scheme requires the company to pass a solvency test or obtain the agreement of all its creditors to the scheme. In either case, dissenting shareholders do not have express statutory appraisal rights but the Bermuda Court will only sanction a scheme if it is fair. Shares owned by the offeror can be voted to approve the scheme but the Bermuda Court will be concerned to see that the shareholders approving the scheme are fairly representative of the general body of shareholders.

Any scheme must be approved by a majority in number representing

Pursuant to the Dutch civil code, an NXP shareholder who for his account contributes at least 95% of NXP's issued share capital may initiate proceedings against the minority NXP shareholders jointly for the transfer of their NXP shares to that majority NXP shareholder. The proceedings will be conducted before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each minority shareholder in accordance with Dutch law. If the Enterprise Chamber grants the claim for a squeeze-out, it will determine the price to be paid for the NXP shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value of the NXP shares. Once the order to transfer becomes final, the majority NXP shareholder must give written notice of the date and place of payment and the price to the holders of the NXP shares to be acquired whose addresses are known to him. In addition, unless the addresses of all such shareholders are known to the majority NXP shareholder, the majority

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**NXP**

three quarters in value of the shareholders present and voting either in person or by proxy at the requisite special general meeting. If there are dissenting shareholders who hold more than 10% of the shares, the Bermuda Court might be persuaded not to exercise its discretion to sanction the scheme on the ground that the scheme constitutes a takeover within Section 102 of the Companies Act and requires a 90% acceptance.

NXP shareholder is required to publish the notice in a daily newspaper with a national circulation.

A Bermuda company may effect a squeeze-out of a minority shareholder in a Bermuda company by way of a general offer followed by a squeeze-out under Section 102 of the Companies Act. Broadly, if the offer is approved by the holders of 90% in value of the shares which are the subject of the offer, the offeror can compulsorily acquire the shares of dissenting shareholders. Shares owned by the offeror or its subsidiary or their nominees at the date of the offer do not, however, count towards the 90%. If the offeror or any of its subsidiaries or any nominee of the offeror, or any of its subsidiaries together already own more than 10% of the shares in the subject company at the date of the offer, the offeror must offer the same terms to all holders of the same class and the holders who accept the offer, besides holding not less than 90% in value of the share, must also represent no less than 75% in number of the holders of those shares, although the additional restrictions should not apply if the offer is made by a subsidiary of a parent (where the subsidiary does not own more than 10% of the shares of the subject company) even where the parent owns more than 10% of the shares of the subject company, provided that the subsidiary and the parent are not

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nominees. The 90% must be obtained within 4 months after the making of the offer and, once obtained, the compulsory acquisition may be commenced within 2 months of the acquisition of 90%. Dissenting shareholders do not have express appraisal rights but are entitled to seek relief (within one month of the compulsory acquisition notice) from the Bermuda Court which has power to make such orders as it thinks fit.

By the holders of 95% or more of the shares or any class of shares serving notice on the remaining shareholders or class of shareholders under Section 103 of the Companies Act. Dissenting shareholders have a right to apply to the Bermuda Court within one month of the compulsory acquisition notice to have the value of their shares appraised by the Bermuda Court but these appraisal rights differ from the appraisal rights in a merger, in that under Section 103, if one dissenting shareholder applies to the Bermuda Court and is successful in obtaining a higher valuation, that valuation must be paid to all shareholders being squeezed out.

**Anti-Takeover Provisions**

There are no specific Bermuda law anti-takeover provisions applicable to Freescale.

Under Dutch law various protective measures are as such possible and admissible, within the boundaries set by Dutch case law and Dutch statutory law.

The NXP board has been designated for a period of five years from August 2, 2010 to issue shares and grant rights to subscribe for shares in the form of ordinary or preferred shares, up to the amount of NXP's authorized share capital. NXP's cumulative preferred shares are a separate class of equity securities that could be issued for defensive purposes. Such shares would typically have both a liquidation and dividend preference over the NXP ordinary shares and otherwise accrue cash dividends at a fixed rate.

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	<b>FREESCALE</b>	<b>NXP</b>
<b>Listing</b>	Freescale common shares are currently traded on the NYSE under the ticker symbol FSL.	NXP ordinary shares are traded on NASDAQ under the ticker symbol NXPI.

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**LEGAL MATTERS**

The legality of the NXP ordinary shares being registered pursuant to this registration statement will be passed upon for NXP by De Brauw Blackstone Westbroek N.V.

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**EXPERTS**

**NXP**

The consolidated financial statements of NXP as of December 31, 2014 and 2013, and for each of the years in the three-year period ended December 31, 2014, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2014, have been incorporated by reference herein and in the registration statement in reliance upon the report of KPMG Accountants N.V., independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

**Freescale**

The consolidated financial statements of Freescale as of December 31, 2014 and 2013, and for each of the years in the three-year period ended December 31, 2014, and management's assessment of the effectiveness of internal control over financial reporting as of December 31, 2014, have been incorporated by reference herein and in the registration statement in reliance upon the reports of KPMG LLP, independent registered public accounting firm, incorporated by reference herein, and upon the authority of said firm as experts in accounting and auditing.

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**SHAREHOLDER PROPOSALS**

**NXP**

In accordance with Dutch law and the articles of association of NXP, the NXP 2016 annual general meeting will need to be held no later than June 30, 2016, i.e., within six months after the end of the financial year 2015, regardless of whether the merger is completed. The notice for the NXP 2016 annual general meeting will be given by the NXP board. NXP is not subject to Regulation 14A (Solicitation of Proxies) under the Securities Act and so does not need to comply with Rule 14a-8 under the Exchange Act.

Pursuant to Dutch law and in accordance with the articles of association of NXP, an extraordinary general meeting can also be convened following a request made by one or more NXP shareholders representing solely or jointly at least 10% of the issued NXP share capital.

Any proposal, the consideration of which has been requested in writing by one or more NXP shareholders representing solely or jointly at least 3% of the issued NXP share capital, will be placed on the notice convening the NXP 2016 annual general meeting of shareholders as agenda item, or will be announced in the same manner, if NXP has received the request not later than the 60th day prior to the date of the meeting.

In accordance with the Dutch corporate governance code, an NXP shareholder may exercise the right to request the inclusion of an item on the agenda only after he consulted the NXP board about this. If one or more NXP shareholders intend to request that an item be put on the agenda that may result in a change in NXP's strategy, for example through the dismissal of one or more NXP directors, the NXP board will be given the opportunity to stipulate a reasonable period in which to respond, which we refer to in this joint proxy statement/prospectus as the response time. The period between the day the NXP board is informed by one or more shareholders of their intention and the day of the general meeting in which the proposal can be discussed may not exceed 180 days.

The Dutch corporate governance code further provides that the NXP board must use the response time for further deliberation and constructive consultation. The response time may be invoked only once for any given general meeting and may not apply to an item in respect of which the response time has been previously invoked. The response time also applies to requests of shareholders to convene an extraordinary general meeting.

Shareholder proposals must be sent to the NXP board, c/o Secretary, NXP Semiconductors N.V., High Tech Campus 60, Eindhoven 5656 AG, the Netherlands. NXP will not be required to include in the notice of the meeting any shareholder proposal that does not meet all the requirements for such inclusion established by Dutch law or pursuant to the articles of association of NXP. Requirements set in accordance with the articles of association of NXP will be published on NXP's website.

**Freescale**

If the merger agreement and the merger are approved by the requisite vote of Freescale shareholders and the merger is completed, Freescale will become a wholly-owned, indirect subsidiary of NXP and, consequently, will not hold an annual general meeting of its shareholders in 2016. Former Freescale shareholders will be entitled to participate, as shareholders of the combined company, in the 2016 annual meeting of shareholders of the combined company.

If the merger agreement and the merger are not approved by the requisite vote of Freescale shareholders or if the transactions contemplated by the merger agreement are not completed for any reason, Freescale will hold an annual general meeting of its shareholders in 2016.

To be considered for inclusion in Freescale's proxy statement for the 2016 annual general meeting of shareholders, shareholder proposals must be received by Freescale no later than 5:00 p.m. Central Time on

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November 25, 2015 (or, if Freescale holds its 2016 annual general meeting of shareholders on a date that is not within 30 days of May 6, 2016, shareholder proposals must be received no later than a reasonable period of time before Freescale begins to print and send its proxy materials for its 2016 annual general meeting of shareholders). In order to be included in the Freescale sponsored proxy materials, shareholder proposals will need to comply with Rule 14a-8 under the Exchange Act. If a Freescale shareholder does not comply with Rule 14a-8, Freescale will not be required to include the shareholder proposal in the proxy statement and the proxy card Freescale will mail to its shareholders for its 2016 annual general meeting. Shareholder proposals should be sent to Freescale's Secretary at Freescale Semiconductor, Ltd., 6501 William Cannon Drive West, MD OE62, Austin, TX 78735, U.S.A., Attention: Secretary.

Freescale shareholders may also make proposals, including director nominations, that are not intended to be included in Freescale's proxy statement for the 2016 annual general meeting so long as the proposals comply with its bye-laws. Under Freescale's bye-laws, shareholder nominations and proposals may be voted on at an annual general meeting of shareholders only if the nominations and proposals are made pursuant to written notice timely given to Freescale's Secretary and accompanied by certain information as described in its bye-laws.

To be timely, a shareholder's written notice must be delivered to Freescale's Secretary no earlier than January 7, 2016 and no later than February 6, 2016.

In addition, Section 79 of the Companies Act provides that shareholders representing either (i) 5% or more of the total voting rights of Freescale eligible to vote at the annual general meeting or (ii) not less than 100 Freescale shareholders may propose any resolution which may be properly moved at Freescale's annual general meeting. Upon timely receipt of notice, Freescale will, at the expense of the shareholder(s) proposing the resolution, give its shareholders entitled to receive notice of the next annual general meeting of shareholders notice of the shareholder-proposed resolution. To be timely, the proposal must be deposited at Freescale's registered office at least six weeks before the next annual general meeting of shareholders. Shareholders satisfying the criteria of Section 79 of the Companies Act may also require Freescale to circulate, at the expense of the shareholder(s), a statement not exceeding 1,000 words with respect to any matter referred to in any proposed resolution or the business to be dealt with at the annual general meeting by providing notice deposited at Freescale's registered office at least six weeks before the next annual general meeting of shareholders.

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**HOUSEHOLDING OF JOINT PROXY STATEMENT/PROSPECTUS**

The SEC has adopted rules that permit companies and intermediaries such as brokers to satisfy delivery requirements for proxy statements and annual reports with respect to two or more shareholders sharing the same address by delivering a single proxy statement or annual report, as applicable, addressed to those shareholders. As permitted by the Exchange Act, only one copy of this joint proxy statement/prospectus is being delivered to shareholders residing at the same address, unless such shareholders have notified the company whose shares they hold of their desire to receive multiple copies of this joint proxy statement/prospectus. This process, which we refer to in this joint proxy statement/prospectus as householding, potentially provides extra convenience for shareholders and cost savings for companies.

If, at any time, you no longer wish to participate in householding and would prefer to receive a separate copy of this joint proxy statement/prospectus, or if you are receiving multiple copies of this joint proxy statement/prospectus and wish to receive only one, please contact the company whose shares you hold at its address identified in this paragraph below. Each of NXP and Freescale will promptly deliver, upon oral or written request, a separate copy of this joint proxy statement/prospectus to any shareholder residing at an address to which only one copy was mailed.

Requests for additional copies should be directed to: NXP Semiconductors N.V., High Tech Campus 60, Eindhoven 5656 AG, the Netherlands, Tel: +31 40 2729960 or 411 E. Plumeria Drive, San Jose CA 95134, USA, Tel: (408) 518 5411, Attention: Investor Relations or to Freescale Semiconductor, Ltd., 6501 William Cannon Drive West, Austin, Texas 78735, Tel: (512) 895-2000, Attention: Investor Relations.

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**WHERE YOU CAN FIND MORE INFORMATION**

Freescale files annual, quarterly and current reports, proxy statements and other information with the SEC as required under the Exchange Act. NXP is a foreign private issuer and, under the rules adopted under the Exchange Act, is exempt from certain of the requirements of that Exchange Act, including the proxy and information provisions of Section 14 of the Exchange Act and the reporting and liability provisions applicable to officers, directors and significant shareholders under Section 16 of the Exchange Act. NXP files annual reports on Form 20-F with the SEC and also furnishes reports on Form 6-K to the SEC.

You may read and copy any reports, statements or other information filed by NXP or Freescale at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. The SEC also maintains an Internet website that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC, including NXP and Freescale. The address of that site is [www.sec.gov](http://www.sec.gov).

Investors may also consult NXP's or Freescale's website for more information about NXP or Freescale, respectively. NXP's website is [www.nxp.com](http://www.nxp.com). Freescale's website is [www.freescale.com](http://www.freescale.com). Information included on these websites is not incorporated by reference into this joint proxy statement/prospectus.

NXP has filed with the SEC a registration statement on Form F-4 of which this joint proxy statement/prospectus forms a part. The registration statement registers the NXP ordinary shares to be issued to Freescale shareholders in connection with the merger. The registration statement, including the attached exhibits, contains additional relevant information about NXP and NXP ordinary shares. As allowed by SEC rules, this joint proxy statement/prospectus does not contain all the information you can find in the registration statement on Form F-4 filed by NXP and the exhibits to the registration statement.

In addition, the SEC allows NXP and Freescale to incorporate by reference information into this joint proxy statement/prospectus, which means that NXP and Freescale can disclose important information to you by referring you to other documents filed separately with the SEC. The information incorporated by reference into this joint proxy statement/prospectus is considered part of this joint proxy statement/prospectus, except for any information superseded by information contained directly in this joint proxy statement/prospectus or in later filed documents incorporated by reference into this joint proxy statement/prospectus.

This joint proxy statement/prospectus incorporates by reference the documents listed below that NXP and Freescale have previously filed with the SEC. These documents contain important information about the companies, their respective financial condition and other matters. Some documents or information, such as that called for by Item 2.02 and 7.01 of Form 8-K, or the exhibits related thereto under Item 9.01 of Form 8-K, are deemed furnished and not filed in accordance with SEC rules. None of those documents and none of that information is incorporated by reference into this joint proxy statement/prospectus.

<b>NXP SEC Filings (File No. 001-34841)</b>	<b>Period or File Date</b>
Annual Report on Form 20-F	Year ended December 31, 2014, filed on March 6, 2015
Current Reports on Form 6-K	Furnished on March 2, 2015 (Exhibit 1 only) and March 3, 2015
The description of the NXP ordinary shares contained in its registration statement on Form F-1, including any amendment or report filed for the purpose of updating the description	Filed on August 2, 2010

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<b>Freescale SEC Filings (File No. 001-35184)</b>	<b>Period or File Date</b>
Annual Report on Form 10-K	Year ended December 31, 2014, filed on February 6, 2015
Current Reports on Form 8-K	Filed on January 8, 2015, January 27, 2015, March 2, 2015, March 3, 2015 and March 23, 2015
Proxy Statement on Schedule 14A	Filed on March 16, 2015

In addition, all annual reports on Form 20-F that NXP files with the SEC and certain reports on Form 6-K that NXP furnishes to the SEC indicating, to the extent designated therein, that they are so incorporated by reference into this joint proxy statement/prospectus, in each case after the date of this joint proxy statement/prospectus and prior to the date of the NXP special meeting, will also be incorporated by reference into this joint proxy statement/prospectus, and all documents filed by Freescale under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this joint proxy statement/prospectus and prior to the date of the Freescale special meeting will also be incorporated by reference into this joint proxy statement/prospectus (other than information furnished pursuant to Item 2.02 or Item 7.01 of any current report on Form 8-K, unless expressly stated otherwise therein). Such documents filed or furnished by NXP and Freescale are considered to be a part of this joint proxy statement/prospectus, effective as of the date such documents are filed or furnished.

You can obtain any of these documents from the SEC, through the SEC's website at the address described above, or NXP or Freescale, as applicable, will provide you with copies of these documents, without charge, upon written or oral request to:

**NXP Semiconductors N.V.  
411 E. Plumeria Drive**

**San Jose CA 95134**

**Tel: (408) 518 5411**

**Attention: Investor Relations**

**Freescale Semiconductor, Ltd. 6501 William Cannon Drive West**

**Austin, Texas 78735**

**Tel: (512) 895-2000**

**Attention: Investor Relations**

In the event of conflicting information in this joint proxy statement/prospectus in comparison to any document incorporated by reference into this joint proxy statement/prospectus, or among documents incorporated by reference, the information in the latest filed document controls.

You should rely only on the information contained in or incorporated by reference into this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated [DATE], 2015. You should not assume that the information contained in this joint proxy statement/prospectus is accurate as of any date other than that date. You should not assume that the information incorporated by reference into this joint proxy statement/prospectus is accurate as of any date other than the date of such incorporated document. Neither the mailing of this joint proxy statement/prospectus to NXP shareholders or Freescale shareholders nor the issuance of NXP ordinary shares in connection with the merger will create any implication to the contrary.

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**ANNEX A**

**EXECUTION VERSION**

**AGREEMENT AND PLAN OF MERGER**

**by and among**

**NXP SEMICONDUCTORS N.V.,**

**NIMBLE ACQUISITION LIMITED,**

**and**

**FREESCALE SEMICONDUCTOR, LTD.**

**MARCH 1, 2015**

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**AGREEMENT AND PLAN OF MERGER**

AGREEMENT AND PLAN OF MERGER, dated as of March 1, 2015 (this Agreement ), by and among Freescale Semiconductor, Ltd., a Bermuda exempted limited liability company (the Company ), NXP Semiconductors N.V., a Dutch public limited liability company (Parent ), and Nimble Acquisition Limited, a Bermuda exempted limited liability company and indirect, wholly-owned subsidiary of Parent (Sub ).

WHEREAS, the board of directors of each of Parent, Sub and the Company, has (a) determined that the Merger is advisable and fair to, and in the best interests of, Parent, Sub or the Company, as the case may be, and (b) approved this Agreement, the Bermuda Merger Agreement (as defined below) and the transactions contemplated hereby and thereby, including the Merger;

WHEREAS, the board of directors of the Company has determined that the Merger Consideration represents the fair value of each Company Common Share under the Laws of Bermuda and has recommended approval of the Merger, the Bermuda Merger Agreement and this Agreement by the Company's shareholders;

WHEREAS, contemporaneously with the execution and delivery of this Agreement, and as an inducement to Parent's willingness to enter into this Agreement, Freescale Holdings L.P. and certain of its equityholders are executing a support agreement in favor of Parent (attached hereto as Exhibit A, the Support Agreement ), pursuant to which, among other things, Freescale Holdings L.P. and such equityholders have agreed to vote all their Company Common Shares in favor of the approval of this Agreement and the Merger;

WHEREAS, as an inducement to the Company's willingness to enter into this Agreement, Parent and certain equityholders of Freescale Holdings L.P. are agreeing to enter into at Closing shareholders agreements (in the forms attached hereto as Exhibit B, the Shareholders Agreements ), that contain, among other things, provisions regarding registration rights in favor of certain equityholders of the Company; and

WHEREAS, Parent, Sub and the Company desire to make certain representations, warranties and agreements in connection with, and also to prescribe certain conditions to, the transactions contemplated by this Agreement.

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

**ARTICLE I**

**DEFINITIONS AND TERMS**

Section 1.1 Definitions. As used in this Agreement, the following terms have the meanings set forth below:

2015 CapEx Budget has the meaning set forth in Section 6.1(b)(xii).

2020 Notes means Freescale Sub's 10.75% Senior Notes due 2020 issued pursuant to the Indenture, dated as of September 30, 2010, among Freescale Sub, the guarantors listed therein and The Bank of New York Mellon Trust Company, N.A., as trustee.

2021 Notes means Freescale Sub's 5.000% Senior Secured Notes due 2021 issued pursuant to the Indenture, dated as of May 21, 2013, among Freescale Sub, the guarantors listed therein and The Bank of New York Mellon Trust Company, N.A., as trustee.

2022 Notes means Freescale Sub's 6.000% Senior Secured Notes due 2022 issued pursuant to the Indenture, dated as of November 1, 2013, among Freescale Sub, the guarantors listed therein and Wells Fargo Bank, National Association, as trustee.

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Acquisition Proposal means any offer or proposal made by any Person or Persons other than Parent, Sub or any controlled Affiliate thereof to acquire, other than in the transactions contemplated by this Agreement (including any such transaction required pursuant to Section 6.8(a) of this Agreement), (i) beneficial ownership (as defined under Section 13(d) of the Exchange Act) of securities (or options, rights to purchase or securities convertible into such securities) representing fifteen percent (15%) or more of the issued and outstanding Company Common Shares, including pursuant to a merger, amalgamation, consolidation or other business combination, sale of share capital, issuance of securities, tender offer or exchange offer or similar transaction involving the Company or (ii) fifteen percent (15%) or more of the assets (including the capital stock of the Subsidiaries of the Company) of the Company and its Subsidiaries, taken as a whole.

Action means any lawsuit, claim, complaint, action, formal investigation or proceeding before or by any Governmental Entity or any arbitration tribunal, administrative body or judicial authority.

Affiliate has the meaning set forth in Rule 12b-2 of the Exchange Act.

Agreement has the meaning set forth in the Preamble.

Antitrust Laws has the meaning set forth in Section 6.8(b).

Appraised Fair Value has the meaning set forth in Section 3.3.

Available Financing has the meaning set forth in Section 6.13(b).

Benefit Plans means (a) each material employee benefit plan as defined in Section 3(3) of ERISA (whether or not subject to ERISA), (b) each material employment, consulting, severance, change in control, retention or similar plan, agreement, arrangement or policy and (c) each other material plan, agreement, arrangement or policy (written or oral) providing for compensation, bonuses, perquisites, profit-sharing, equity or equity-related rights, incentive or deferred compensation, paid time off, insurance (including any self-insured arrangements), health or medical benefits, employee assistance program, disability or sick leave benefits, workers compensation, supplemental unemployment benefits, severance benefits or post-employment or retirement benefits (including compensation, pension, health, medical or life insurance benefits), in each case maintained, sponsored or contributed to by the Company or any of its Subsidiaries or with respect to which the Company or any of its Subsidiaries has any direct or indirect liability. The term Benefit Plan specifically does not include benefit plans of Motorola, Inc. which the Company maintained prior to December 2, 2004, or to which the Company contributed pursuant to the employee matters agreement dated June 18, 2004, between the Company and Motorola, Inc. (the Motorola Plans).

Bermuda Merger Agreement means the statutory merger agreement between the Company and Sub substantially in the form of the agreement attached hereto as Exhibit C.

Book Entry Shares means outstanding non-certificated Company Common Shares represented by entry in the register of shareholders of the Company only.

Business Day means a day other than a Saturday, a Sunday or another day on which commercial banking institutions in New York, New York, Hamilton, Bermuda or Eindhoven, the Netherlands are authorized or required by Law to be closed.

Cash Consideration has the meaning set forth in Section 3.1(a).

Certificate of Merger has the meaning set forth in Section 2.2.

Certificates has the meaning set forth in Section 3.1(d).

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CFIUS means the Committee on Foreign Investment in the United States.

CFIUS Approval means (i) the receipt by the Parties of written notice from CFIUS of its (a) determination that the transactions contemplated hereby are not subject to the DPA or (b) determination to the effect that review of all of the transactions contemplated hereby has been concluded and that a determination has been made that there are no unresolved national security concerns, or (ii) if following an investigation conducted by CFIUS pursuant to 31 C.F.R. §800.503, CFIUS reports the transactions contemplated hereby to the President of the United States and then (x) the President has announced a decision not to take any action to suspend or prohibit the transactions contemplated by this Agreement or (y) having received a report from CFIUS requesting the President's decision, the President has not taken any action after fifteen (15) days from the date the President received such report from CFIUS.

Change of Control Offer has the meaning set forth in Section 6.14(b).

Change of Parent Recommendation has the meaning set forth in Section 6.3(f).

Change of Recommendation has the meaning set forth in Section 6.3(d).

Cleanup means all actions required, under applicable Environmental Laws, to clean up, remove, treat or remediate Hazardous Materials.

Closing has the meaning set forth in Section 2.3.

Closing Date has the meaning set forth in Section 2.3.

Code means the United States Internal Revenue Code of 1986, as amended.

Companies Act means the Companies Act of 1981 (of Bermuda), as amended.

Company has the meaning set forth in the Preamble.

Company Balance Sheet has the meaning set forth in Section 4.6.

Company Balance Sheet Date means December 31, 2014.

Company Common Share means a common share of the Company, \$0.01 par value.

Company Common Warrant means the warrants exercisable for Company Common Shares issued pursuant to the Warrant Agreement, dated as of December 1, 2006, by and between Freescale Holdings (Bermuda) I, Ltd., and Freescale Holdings L.P.

Company Credit Agreement means the Third Amended and Restated Credit Agreement, dated as of March 1, 2013, among Freescale Sub, Freescale Holdings V, Inc., Freescale Holdings IV, Ltd., Freescale Holdings III, Ltd., the lenders from time to time party thereto, and Citibank, N.A., as administrative agent, collateral agent, swing line lender and letter of credit issuer (as amended, restated, supplemented or otherwise modified from time to time).

Company Credit Agreement Termination means the termination of commitments under the Company Credit Agreement, the repayment in full of all Obligations (as defined in such Company Credit Agreement) then outstanding thereunder (other than contingent indemnity obligations not then due and payable that by their terms survive termination of such agreement) (using funds arranged by Parent) and the release of all Liens in connection therewith on the Closing Date.

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Company Disclosure Document means the Proxy Statement/Prospectus and each other document required to be filed by the Company with the SEC or required to be distributed or otherwise disseminated by the Company to the Company's shareholders (including Registered Shareholders) in connection with the transactions contemplated by this Agreement.

Company Disclosure Schedule means the disclosure schedule, delivered by the Company to Parent immediately prior to the execution of this Agreement.

Company Equity Plans means the Company's 2006 Management Incentive Plan, the Company's Amended and Restated 2007 Employee Incentive Plan and the Company's Amended and Restated 2011 Omnibus Incentive Plan as well as any other plans or agreements pursuant to which the Company has granted equity awards (including equity awards granted or assumed by the Company in connection with any acquisitions prior to the Effective Time).

Company Financial Statements has the meaning set forth in Section 4.5(b).

Company Material Adverse Effect means any event, circumstance, change, occurrence, development or effect that has a material adverse change in, or material adverse effect on, (a) the business, assets, financial condition or results of operations of the Company and its Subsidiaries, taken as a whole, or (b) the ability of the Company to consummate the transactions contemplated hereby before the Termination Date; provided, however, that for purposes of clause (a) a Company Material Adverse Effect shall not include any event, circumstance, change, occurrence, development or effect resulting from or arising in connection with (i) conditions generally affecting the industries and markets in which the Company and its Subsidiaries operate, (ii) general economic, political or financial or securities market conditions, (iii) the execution of this Agreement, the announcement of this Agreement or the pendency or consummation of the transactions contemplated hereby (including the announcement of the execution of this Agreement or the pendency or consummation of the transactions contemplated hereby, including any resulting loss or departure of officers or other employees of the Company or any of its Subsidiaries, or the termination, reduction (or potential reduction) or any other negative development (or potential negative development) in the Company's or any of its Subsidiaries' relationships with any of its customers, suppliers, distributors or other business partners) (provided that this clause (iii) shall not apply with respect to Section 4.4), (iv) natural disasters, acts of war, terrorism or sabotage, military actions or the escalation thereof or other force majeure events, (v) changes after the date of this Agreement in GAAP, in the interpretation of GAAP, or in the accounting rules and regulations of the SEC, (vi) any other action taken at the written request of Parent or Sub, (vii) any Action brought or threatened by shareholders of either Parent or the Company (whether on behalf of Company, Parent or otherwise) asserting allegations of breach of fiduciary duty relating to this Agreement or violations of securities Laws in connection with the Company Disclosure Documents or Parent Disclosure Documents, (viii) any changes after the date of this Agreement in Law or (ix) any decrease or decline in the market price or trading volume of the Company Common Shares or any failure by the Company to meet any projections, forecasts or revenue or earnings predictions of the Company or of any securities analysts (provided that, in the case of this clause (ix), the underlying cause of any such decrease or decline may be taken into account in determining whether a Company Material Adverse Effect has occurred), except, in the case of clauses (i), (ii), (iv), (v) and (viii), to the extent that such event, circumstance, change, occurrence, development or effect