



**RULES GOVERNING THE BOARD OF  
NXP SEMICONDUCTORS N.V.**

**Article 1 Tasks and responsibilities of the Board**

- 1.1 The Board is responsible for the overall conduct of the NXP Group and has the powers, authorities and duties vested in it by and pursuant to the relevant laws of The Netherlands and the Articles. In all its dealings, the Board shall be guided by the interests of the NXP Group as a whole, including but not limited to the shareholders. The Board has the final responsibility for the management, direction and performance of the Company and the NXP Group.
- 1.2 Without limiting the scope of the Board's role, the ongoing items to be considered and decided upon by the full Board include:
- (a) reviewing and approving (any material amendment to) the business plan;
  - (b) reviewing and approving (any material amendment to) the Budget;
  - (c) proposing the annual report and financial statements for adoption by the General Meeting of Shareholders;
  - (d) approving major decisions as required by Dutch law, the Articles or these Rules;
  - (e) discussing and approving the strategies for the shaping of the portfolio and direction of the NXP Group; and
  - (f) receiving, considering and approving reports from the Board Committees.
- 1.3 At least once a year, the full Board shall discuss:
- (a) the functioning of the Board and of the CEO and the other individual members of the Board, and the conclusions to be drawn on the basis thereof; and
  - (b) the corporate strategy of the NXP Group, the risks of the business and the evaluation by the Board of the structure and operation of the internal risk management and control systems.
- 1.4 The full Board will further consider and decide upon the following:
- (i) proposing to suspend any member of the Board and, once this is possible under Dutch law, suspending the CEO;

- (ii) incurring any indebtedness or other financing transaction by the NXP Group in an amount in excess of USD 250 million;
- (iii) proposing or resolving, as the case may be, to issue any equity securities by the Company or any NXP Group companies to any person other than a member of the NXP Group, except in connection with equity-based compensation plans or share-for-share M&A transactions with a value of less than USD 50 million;
- (iv) proposing or resolving, as the case may be, to acquire or dispose or otherwise transfer any business of the NXP Group, with a value of, or for consideration in excess of, USD 100 million;
- (v) entering into new business activities of a significance that extends beyond the creation of new lines of business within the existing business units;
- (vi) proposing or resolving, as the case may be, to declare or pay any dividends or other distributions to shareholders (other than to a member of the NXP Group) or repurchase or redeem securities or indebtedness of any member of the NXP Group (other than if held by a member of the NXP Group);
- (vii) proposing or resolving, as the case may be, to change the auditors of the Company or of any significant NXP Group company;
- (viii) proposing or resolving, as the case may be, to liquidate, initiate any bankruptcy, dissolution or winding up proceedings, moratorium or suspension of payments (or any similar proceedings in the relevant jurisdiction) in respect of the Company or any significant NXP Group company, unless the Board members are required to do so by applicable law;
- (ix) recommending a public offer for shares in the company;
- (x) making any capital expenditure in an amount in excess of USD 20 million, except in accordance with the Budget;
- (xi) granting any pledge, lien, security interest or other encumbrance on any material asset or property of the NXP Group, except in accordance with the existing financing covenants or the Budget;
- (xii) entering into any derivatives, foreign exchange contracts, swaps, options or similar financial instruments that have an amount in excess of USD 500 million, except in accordance with the annual budget;
- (xiii) adopting or amending employee equity or share option plans;
- (xiv) authorizing or implementing any restructuring involving termination of the employment of a significant number of employees of the NXP Group;

- (xv) changing any material accounting policies of the NXP Group;
  - (xvi) settling or compromising any tax liability in excess of USD 50 million or making or changing any material tax election; and
  - (xvii) commencing or settling any litigation, arbitration or other claim procedure with any person if the estimated amount involved exceeds USD 50 million;
- 1.5 The Board delegates - within the parameters set out in article 1.4 and subject to article 3.1 - all its powers, authorities and discretions (including the power to sub-delegate) (i) to the CEO and (ii) to the Board Committees, where applicable.
- 1.6 The Board supervises the execution of its responsibilities by the CEO and the Board Committees and is ultimately responsible for the fulfillment of its duties by them.

## **Article 2 Appointment, composition and resignation**

- 2.1 The members of the Board shall be appointed in the manner as provided in the Articles. The members of the Board shall hold office for a maximum period of one year and shall thereafter be eligible for re-appointment.
- 2.2 The composition of the Board shall be subject to the requirement that at least two and, within one year after the shares of the Company have been listed at the NASDAQ Global Market, three of its Non-Executive Directors must be independent within the meaning of article 2.3;
- 2.3 The following directors shall not be considered independent (and shall accordingly be considered independent if none of the below apply to him/her):
- 2.3.1 a director who is, or at any time during the past three years was, employed by the Company;
  - 2.3.2 a director who accepted or who has a Family Member who accepted any compensation from the Company in excess of USD 120,000 during any period of twelve consecutive months within the three years preceding the determination of independence, other than the following:
    - (i) compensation for Board or Board Committee service;
    - (ii) compensation paid to a Family Member who is an employee (other than an executive officer) of the Company; or
    - (iii) benefits under a tax-qualified retirement plan, or non-discretionary compensation;

provided, however, that in addition to the requirements contained in this paragraph 2.3.2, audit committee members are also subject to additional, more stringent independency requirements;

- 2.3.3 a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by the Company as an executive officer;
- 2.3.4 a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which the Company made, or from which the Company received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or USD 200,000, whichever is more, other than the following:
- (i) payments arising solely from investments in the Company's securities; or
  - (ii) payments under non-discretionary charitable contribution matching programs.
- 2.3.5 a director of the Company who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three years any of the executive officers of the Company serve on the compensation committee of such other entity; or
- 2.3.6 a director who is, or has a Family Member who is, a current partner of the Company's outside auditor, or was a partner or employee of the Company's outside auditor who worked on the Company's audit at any time during any of the past three years.

### **Article 3 CEO**

- 3.1 The CEO is entrusted with all of the Board's powers, authorities and discretions (including the power to sub-delegate) other than the powers explicitly retained by the full Board or the Board Committees. Matters not expressly included in articles 1.2, 1.3 and 1.4 or in the Board Committee charters shall be validly resolved upon by the CEO and no further resolutions, approvals or other involvement of the Board shall be required.
- 3.2 In particular, the CEO is entrusted with all of the Board's powers, authorities and discretions (including the power to sub-delegate) in relation to the operational running of the Company, particularly (but without limitation except where specifically provided) powers, authorities, discretions as to such matters as: (i) the operational running of the NXP Group, (ii) profit responsibility of the NXP Group, and (iii) managing business performance.

### **Article 4 Chairman, Vice-Chairman and Secretary**

- 4.1 The Board shall appoint one of its Non-Executive Directors who is independent within the meaning of article 2.3 as Chairman (**the "Chairman"**). It shall also appoint one or more of its Non-Executive Directors as vice-chairman. The Chairman monitors the

proper performance of the Board and the Board Committees. The Chairman determines the agenda and chairs the meetings of the Board and in his role as Chairman ensures the orderly and efficient conduct of the General Meeting of Shareholders.

4.2 The Chairman ensures that:

4.2.1 information to the members of the Board as necessary for the proper fulfillment of their duties is submitted in a timely and adequate manner;

4.2.2 there is ample time for consultation, consideration and decision-making by the Board;

4.2.3 the Board Committees are functioning adequately;

4.2.4 the performance of the Board members is assessed;

4.2.5 one or more vice-chairmen of the Board are appointed;

4.2.6 reported potential conflicts of interests within the meaning of article 7 are received and decided on;

4.2.7 reported alleged irregularities relating to the functioning of the Board within the meaning of article 11 are received and decided on.

4.3 The vice-chairman shall replace the Chairman whenever the occasion arises. In the absence of both the Chairman and the vice-chairmen the meeting of the Board shall designate a chairman for that meeting from amongst its midst.

4.4 The Board shall be assisted by the Secretary. The Secretary, in this capacity, shall be appointed and dismissed by the Board. The Secretary shall be primarily responsible for:

4.4.1 the Board's compliance with applicable laws, the Articles and the rules and regulations issued pursuant thereto (including the Rules);

4.4.2 assisting the Chairman in organizing the Board (information, agenda, evaluation, etc.).

## **Article 5 Meetings of the Board**

5.1 The Board shall meet as often as it deems necessary or appropriate or upon the request of any member of the Board, provided that the Board shall hold at least five meetings per year.

5.2 Board meetings are generally held at the offices of the Company, but may also take place elsewhere in or outside of The Netherlands. In addition, Board meetings may be held by teleconference or videoconference (or by any combination thereof) provided that all participants can hear each other simultaneously and can take part in the deliberations.

- 5.3 Where this is practically possible, notices convening a meeting and the agenda of items to be discussed during the meeting shall be provided at least five working days prior to the meeting to each member of the Board. Meetings shall be convened by the Secretary.
- 5.4 The Secretary shall prepare minutes of the meetings of the Board. The minutes shall generally be adopted in the next Board meeting. If all members of the Board agree on the content of the minutes, the minutes may be adopted earlier. The minutes may be signed for adoption by the chairman and the secretary of the meeting and shall be made available to all members of the Board as soon as practically possible. The Secretary may issue and sign extracts of the adopted minutes. The minutes will be kept by the Secretary at the offices of the Company.

#### **Article 6 Board resolutions**

- 6.1 The Board can only validly adopt resolutions in a meeting at which at least the majority of its members are present or represented. A member of the Board may authorize another member of the Board to represent him/her at the Board meeting and vote on his/her behalf.
- 6.2 Resolutions of the Board shall be adopted by simple majority and each member shall have one vote (provided that, for the avoidance of doubt, a member representing one or more absent members of the Board by written power of attorney shall be entitled to cast the vote of each such absent member). In a tie vote, the proposal shall be deemed rejected.
- 6.3 The Board may also adopt resolutions outside a meeting, provided that the relevant motion was submitted in writing to all of its members reasonably in advance and none of them has objected to this form of decision-taking. The adoption of resolutions outside a meeting must be reported and recorded at the next meeting of the Board.

#### **Article 7 Conflicts of interests**

- 7.1 A Board member shall not participate in the discussions and the decision-making process on a subject or transaction in relation to which he/she has a conflict of interest with the Company within the meaning of article 7.2 or in relation to which he/she has a direct or indirect personal interest that conflicts with the interests of the Company ("**Conflict of Interest**"). If the CEO is unable to take a decision as a result of the provisions of the previous sentence, the decision shall be taken by the Board. A transaction as referred to above must be concluded on terms at least customary in the sector concerned. Resolutions to enter into such transactions must be approved by the Board.
- 7.2 A member of the Board shall in any event have a Conflict of Interest if:
- 7.2.1 he/she has a material personal financial interest in an entity that the Company or a NXP Group company intends to enter into a transaction with;

- 7.2.2 he/she is a Family Member of a member of the management of an entity that the Company or a NXP Group company intends to enter into a transaction with;
  - 7.2.3 he/she holds a management or supervisory position in an entity that the Company or a NXP Group company intends to enter into a transaction with;
  - 7.2.4 such a conflict of interest exists or is deemed to exist under applicable law, including the rules of any exchange on which the Company's shares may be listed;
  - 7.2.5 the Board has ruled at its sole discretion that a conflict of interest exists or is deemed to exist.
- 7.3 Each Board member (other than the Chairman) shall immediately report any potential Conflict of Interest concerning such Board member to the Chairman. The Board member with such (potential) Conflict of Interest must provide the Chairman with all information relevant to the Conflict of Interest, including information relating to his/her Family Members. In all circumstances other than those listed in article 7.2.4 and 7.2.5 the Chairman shall determine whether a reported (potential) conflict of interest qualifies as a Conflict of Interest to which article 7.1 applies.
- 7.4 In the event that the Chairman has a (potential) Conflict of Interest he/she shall immediately report such potential conflict to the vice-chairman of the Board. The Chairman must provide the vice-chairman of the Board with all information relevant to the Conflict of Interest, including information relating to his/her Family Members. In all circumstances other than those listed in article 7.2.4 and 7.2.5, the Board shall determine whether a reported (potential) conflict of interest qualifies as a Conflict of Interest to which article 7.1 applies.

## **Article 8 Information**

- 8.1 The CEO shall timely provide the Non-Executive Board members with all information on all facts and developments concerning the Company and the NXP Group, which the Board may need to function as required and to properly carry out its duties as set out in the law, the Articles and these Rules. The information provided shall include information regarding the NXP Group's long-term plans, the main features of the strategic policy, the general and financial risks, the management and control systems of the NXP Group and the material compliance with all relevant laws and regulations
- 8.2 Notwithstanding article 8.1, the CEO shall at the end of each quarter (or at such more regular intervals as may be determined by the Board) provide the Non-Executive Board members with information on subjects including but not limited to finance, marketing, operations, investments and staff of the NXP Group. The CEO shall provide an explanation of, and comments on, the above as well as information concerning the NXP Group's policies.

## **Article 9 Board Committees**

- 9.1 The Board, though remaining responsible, may assign certain tasks to one or more permanent and/or ad hoc committees (collectively, the "**Board Committees**") formed from among its members. The function of such committees is to prepare the decision-making of the Board and such committees have no independent or assigned powers unless and to the extent explicitly assigned by these Rules or by the Board. The Board Committees, on a regular basis, report on their actions, reviews, proposals, and findings to the Board.
- 9.2 The Board shall establish at least two permanent Board Committees: a nominating and compensation committee and an audit committee.
- 9.3 The authorities and responsibilities of each Board Committee are set out in a written charter adopted by the Board attached to these Rules as **Annex A**, as amended from time to time by the Board.
- 9.4 Each Board Committee shall be constituted as determined by the Board. The Board shall nominate one of its members to act as chairman of each of the Board Committees.

## **Article 10 Interest of and transactions in securities other than those issued by the Company**

Each director must at all times comply with the NXP Group policies and procedures and all applicable statutory provisions and regulations with respect to the ownership of and transactions in securities other than securities issued by the Company,.

## **Article 11 Complaints, notification of irregularities**

- 11.1 The Board shall ensure that employees have the opportunity, without jeopardising their legal position, to report alleged irregularities within the Company of a general, operational or financial nature to the CEO or to an officer designated by him/her for this purpose.
- 11.2 Alleged irregularities that relate to the CEO shall be reported to the Chairman.
- 11.3 The arrangements for whistleblowers shall be placed on the Company's website.

## **Article 12 Confidentiality**

- 12.1 Members of the Board shall at all times treat all information and documentation obtained in their capacity as members of the Board with due discretion and, in the case of confidential information or documentation, with utmost confidentiality.
- 12.2 Confidential information and documentation shall not be disclosed outside the circle of the Board, unless adequate confidentiality agreements have been entered into.



## Article 13 Definitions

13.1 In these Rules the following defined terms are used:

"**Articles**" means the articles of association of the Company as same may be amended from time to time.

"**Budget**" means the NXP Group's budget and operating plans collectively.

"**Board**" means the full board of the Company.

"**Board Committees**" has the meaning given to it in article 9.1 of these Rules.

"**Chairman**" has the meaning given to it in article 4.1 of these Rules.

"**CEO**" means the Executive Director appointed as chief executive officer by the Board in accordance with article 14.2 of the Articles.

"**Company**" means NXP Semiconductors N.V.

"**Executive Director**" means a director who holds an executive office with the Company as referred to in the Articles.

"**Family Member**" means a person's spouse, parents, children and siblings, whether by blood, marriage or adoption, or anyone residing in such person's home.

"**General Meeting of Shareholders**" means the general meeting of shareholders of the Company.

"**Non-Executive Director**" means a director who does not hold executive office with the Company.

"**NXP Group**" means NXP Semiconductors N.V. and its direct and indirect subsidiaries.

"**Rules**" means these rules together with all Annexes hereto.

"**Secretary**" means the secretary of the Company appointed in accordance with article 20.1 of the Articles.

"**Shareholders**" means any of the shareholders of the Company.

13.2 Unless the express context otherwise requires:

13.2.1 the words "hereof", "herein", "hereunder" and "hereby" and words of similar import, when used in these Rules, shall refer to these Rules as a whole and not to any particular provision of these Rules;

13.2.2 the terms defined in the singular have a comparable meaning when used in the plural, and vice versa;

13.2.3 wherever the word "include," "includes," or "including" is used in these Rules, it shall be deemed to be followed by the words "without limitation"; and

13.2.4 references in these Rules to any gender include each other gender.

#### **Article 14 Status of the Rules**

- 14.1 In its unanimous resolution adopted on the date hereof and pursuant to article 21.1 of the Articles, the Board has adopted these Rules, which are complementary to the rules and regulations (from time to time) applicable to the Board under Dutch law or the Articles.
- 14.2 Where these Rules are inconsistent with Dutch law or the Articles, the latter shall prevail. Where these Rules conform to the Articles but are inconsistent with Dutch law, the latter shall prevail. If one or more provisions of these Rules are or become invalid, this shall not affect the validity of the remaining provisions. The Board shall replace the invalid provisions by those which are valid and the effect of which, given the contents and purpose of these Rules is, to the greatest extent possible, similar to that of the invalid provisions
- 14.3 In its unanimous resolution adopted on the date hereof, the Board has declared that it will comply with, and be bound by the obligations arising from, these Rules to the extent that they apply to it and its current and future members.

#### **Article 15 Amendments**

These Rules may be amended by the Board from time to time by resolution adopted pursuant to article 21.1 of the Articles. Amendments may be made to reflect, for example, changes to the law applicable to the NXP Group or changes to the Company's investor base.

**October 2010**

## **AUDIT COMMITTEE CHARTER**

This audit committee charter ("AC Charter") is prepared on the basis of article 9.3 of the Rules of the Board.

### **Article 1 Responsibilities**

- 1.1 The audit committee advises the Board in relation to its responsibilities as further set out in the Rules. The Board shall have full oversight responsibility for the audit committee and as a result, among other things, the audit committee may not take any action on behalf of the Board unless and to the extent explicitly assigned by this AC Charter, the Rules or by the Board.
- 1.2 The responsibilities of the audit committee shall include:
  - 1.2.1 supervising, monitoring and advising the Board on, the effect of internal risk management and control systems, including supervision of the enforcement of the relevant legislation and regulations and supervising the effect of codes of conduct;
  - 1.2.2 approving the quarterly financial reports and material trading updates;
  - 1.2.3 supervising the submission of financial information by the Company including choice of accounting policies, application and assessment of the effects of new legislation in this area, information on the treatment of estimated entries in the annual accounts and financial forecasts;
  - 1.2.4 supervising the compliance of recommendations and observations of internal and external auditors;
  - 1.2.5 supervising the functioning of the internal audit department; in particular co-determining the plan of action for the internal audit department of the Company and taking note of the findings and considerations of the internal audit department;
  - 1.2.6 supervising the policy of the Company on tax planning;
  - 1.2.7 supervising the financing of the Company;
  - 1.2.8 supervising the application of information and communication technology (ICT);
  - 1.2.9 maintaining frequent contact and supervising the relationship with the external auditor, including in particular (i) assessing the external auditor's independence, remuneration and any non-auditing work for the Company , (ii) determining the involvement of the external auditor in respect of the contents

and publication of financial reporting by the Company other than the annual accounts, and (iii) taking note of irregularities in respect of the content of the financial reporting as may be reported by the external auditor;

- 1.2.10 recommending the appointment of an external auditor by the Company's General Meeting of Shareholders; and
  - 1.2.11 the authority to retain outside legal, accounting or other advisors to assist the audit committee in discharging its oversight role, including the authority to approve the fees payable to such advisors and any other terms of retention;
  - 1.2.12 establishing whistleblower procedures for the receipt, retention and treatment of complaints regarding auditing, internal control, and accounting matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters;
  - 1.2.13 recommending the adoption of the annual accounts and the approval of the Budget of the Company.
- 1.3 The audit committee shall prepare and publish on an annual basis, and otherwise more frequently if it deems fit, a report of its duties and findings.
- 1.4 At least once a year the audit committee shall report to the Board on the developments concerning the relationship with the external auditor, in particular his independence.

## **Article 2 Composition and expertise of the audit committee**

The audit committee shall be comprised of at least three (until one year after the shares of the Company have been listed at the NASDAQ Global Market, two) members, all of whom are independent directors and are able to read and understand financial statements at the time of their appointment, and at least one of its members must have relevant expertise in financial administration and accounting for large companies.

## **Article 3 Chairman**

- 3.1 The Board shall appoint one of the committee members as chairman. The chairman shall be primarily responsible for the proper functioning of the audit committee. He/she shall act as the spokesman of the audit committee and shall be the main contact for the Board.

## **Article 4 Audit committee meetings (agenda, attendance, minutes)**

- 4.1 The audit committee will meet as often as it deems necessary and whenever the chairman has requested a meeting.
- 4.2 Audit committee meetings are generally held at the offices of the Company, but may also take place elsewhere at the discretion of the chairman. In addition, audit committee meetings may be held by teleconference or videoconference (or by any combination thereof) provided that all participants can hear each other simultaneously.

- 4.3 The chairman of the audit committee may ask the external auditor of the Company to be present at audit committee meetings.

The audit committee will at least once a year hold a meeting with the external auditor of the Company, without the CEO or internal auditors being present.

- 4.4 Minutes of the meeting shall be prepared by the secretary designated by the audit committee. They shall generally be adopted in the next meeting. If all members of the committee agree on the contents of the minutes they may be adopted earlier.

## **NOMINATING AND COMPENSATION COMMITTEE CHARTER**

This nominating and compensation charter ("NCC Charter") is prepared on the basis of article 9.3 of the Rules of the Board.

### **Article 1 Responsibilities**

- 1.1 The nominating and compensation committee ("NCC") advises the Board in relation to its responsibilities as further set out in the Rules. The Board shall have full oversight responsibility for the NCC and as a result, among other things, the NCC may not take any action on behalf of the Board unless and to the extent explicitly assigned by this NCC Charter, the Rules, or by the Board.
- 1.2 The responsibilities of the NCC shall include:
  - 1.2.1 preparing the selection criteria and appointment procedures for members of the Board;
  - 1.2.2 periodically evaluating the scope and composition of the Board;
  - 1.2.3 periodically evaluating the functioning of individual members of the Board and reporting the results thereof to the Board;
  - 1.2.4 leading searches for candidate members of the Board;
  - 1.2.5 proposing the (re-)appointments of members of the Board;
  - 1.2.6 supervising the policy of the Board in relation to the selection and appointment criteria for senior management of the Company;
  - 1.2.7 preparing a proposal for the Board concerning the compensation policies for the Board to be adopted by the General Meeting of Shareholders of the Company; and
  - 1.2.8 preparing the Board's compensation report on the compensation policies for the Board to be adopted by the Board. The compensation report sets out the way in which the compensation policy was implemented in the most recent financial year of the Company and comprises an outline of the compensation policy that is proposed to be implemented in the next financial year and the years following such year.
- 1.3 The NCC shall further consider and decide upon entering into, or amending in any material respect, any collective bargaining, union or similar agreement with, or for the benefit of a significant number of employees of the NXP Group.
- 1.4 The NCC shall prepare and publish on an annual basis, and otherwise more frequently if it deems fit, a report of its duties and findings.

## **Article 2 Composition and expertise of the NCC**

- 2.1 The NCC shall comprise of at least three Non-Executive Directors, including at least one independent director.

## **Article 3 Chairman**

- 3.1 The Board shall appoint one of the NCC members as chairman. The chairman shall be primarily responsible for the proper functioning of the NCC. He/she shall act as the spokesman of the NCC and shall be the main contact for the Board.

## **Article 4 NCC meetings (agenda, attendance, minutes)**

- 4.1 The NCC will meet as often as it deems necessary and whenever the chairman has requested a meeting.
- 4.2 NCC meetings are generally held at the offices of the Company, but may also take place elsewhere at the discretion of the chairman. In addition, NCC meetings may be held by teleconference or videoconference (or by any combination thereof) provided that all participants can hear each other simultaneously.
- 4.3 Minutes of the meeting shall be prepared by the secretary designated by the NCC. They shall generally be adopted in the next meeting. If all members of the NCC agree on the contents of the minutes they may be adopted earlier.