

NXP Semiconductors N.V.  
Form 424B3  
February 04, 2013  
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**File Pursuant to Rule 424(b)(3)**

**Registration No. 333-176435**

**The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities has been filed with the Securities and Exchange Commission and is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**Subject to Completion. Dated February 4, 2013**

**Supplement to Prospectus dated August 23, 2011.**

**30,000,000 Shares**

## **Common Stock**

This is an offering of 30,000,000 shares of common stock of NXP Semiconductors N.V. by the selling stockholders named in this prospectus supplement (such stockholders, including entities affiliated with directors of our company and with members of our senior management, the Selling Stockholders ). See Selling Stockholders. We will not receive any proceeds from the sale of shares of common stock by the Selling Stockholders.

Our common stock is listed on the NASDAQ Global Select Market under the symbol NXPI . On February 1, 2013, the last reported sale price of our common stock on the NASDAQ Global Select Market was \$30.76 per share.

*Investing in shares of our common stock involves risks. See **Risk Factors** beginning on page S-13 of this prospectus supplement, **Risk Factors** beginning on page 5 of the accompanying prospectus, and **Risk Factors** in our Annual Report on Form 20-F for the fiscal year ended December 31, 2011 (which document is incorporated by reference herein) and our financial statements and related notes, in order to read about factors you should consider before making a decision to invest in our common stock.*

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.**

	<b>Per Share</b>	<b>Total</b>
Initial price to the public	\$	\$
Underwriting discount to be paid by the Selling Stockholders	\$	\$
Proceeds, before expenses, to the Selling Stockholders	\$	\$

The underwriters expect to deliver the shares of common stock through the facilities of the Depository Trust Company against payment thereof on or about , 2013.

*Joint Book-Running Managers*

**Barclays**

**Credit Suisse**

Prospectus Supplement dated February , 2013.

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We have not and the underwriters have not authorized anyone to provide any information or to make any representations other than those contained or incorporated by reference herein or in any free writing prospectuses prepared by us or on behalf of us to which we have referred you. We and the underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement is an offer to sell only the shares of common stock offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus supplement is current only as of its date. Our business, financial condition, results of operation and prospects may have changed since that date.



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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document has two parts, a prospectus supplement and an accompanying prospectus dated August 23, 2011. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission, which we refer to as the SEC, utilizing the SEC's shelf registration process. The prospectus supplement, which describes certain matters relating to us and the specific terms of this offering of shares of common stock, adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference herein. Generally, when we refer to this document, we are referring to both parts of this document combined. Both this prospectus supplement and the accompanying prospectus include important information about us, our shares of common stock and other information you should know before investing in our common stock. The accompanying prospectus gives more general information, some of which may not apply to the shares of common stock offered by this prospectus supplement and the accompanying prospectus. To the extent the information contained in this prospectus supplement differs or varies from the information contained in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. If the information contained in this prospectus supplement differs or varies from the information contained in a document we have incorporated by reference, you should rely on the information in the more recent document.

Before you invest in our common stock, you should read the registration statement of which this document forms a part and this document, including the documents incorporated by reference herein that are described under the heading "Incorporation by Reference."

The distribution of this prospectus supplement and the accompanying prospectus and the offering of the shares of common stock in certain jurisdictions may be restricted by law. We are not making an offer of the common stock in any jurisdiction where the offer is not permitted. Persons who come into possession of this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation.

You should not consider any information in this prospectus supplement or the accompanying prospectus to be investment, legal or tax advice. You should consult your own counsel, accountant and other advisors for legal, tax, business, financial and related advice regarding the purchase of the common stock. We are not making any representation to you regarding the legality of an investment in the common stock by you under applicable investment or similar laws.

In this prospectus supplement, unless otherwise indicated or the context otherwise requires, references to NXP, the Company, we, us and our refer to NXP Semiconductors N.V. and its subsidiaries. References to the IPO refer to our initial public offering on the NASDAQ Global Select Market on August 5, 2010 of 34,000,000 shares of our common stock. References to the Selling Stockholders refer to the Selling Stockholders listed in the table under the caption "Selling Stockholders" in this prospectus supplement.

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**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

Certain important business and financial information about us is not included in this prospectus supplement but has been incorporated by reference. This means that we can disclose important information to you by referring you to another document filed or furnished with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and information that we file or furnish in the future with the SEC will, to the extent it is incorporated by reference herein, automatically update and supersede, as appropriate, this information.

This prospectus supplement incorporates by reference the documents listed below that we have previously filed or furnished with the SEC:

Our Current Reports on Form 6-K, furnished to the SEC on March 19, 2012, April 16, 2012, July 3, 2012, December 11, 2012, January 7, 2013 and February 1, 2013;

Our Interim Reports on Form 6-K for the period ended April 1, 2012, furnished to the SEC on June 14, 2012, for the period ended July 1, 2012, furnished to the SEC on August 21, 2012 and for the period ended September 30, 2012, furnished to the SEC on November 1, 2012 (our Q3 2012 Interim Report ); and

Our Annual Report on Form 20-F for the fiscal year ended December 31, 2011, filed with the SEC on March 13, 2012, as amended by the Amendment No. 1, filed with the SEC on April 12, 2012 (our 2011 Annual Report ).

We also incorporate by reference all documents that we file or furnish with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act ) after the date of this prospectus supplement from their respective dates of filing or furnishing, as the case may be, so long as any future reports on Form 6-K that we furnish to the SEC identify that they are incorporated by reference into the Registration Statement of which this prospectus supplement and the accompanying prospectus form part and until all the shares of the common stock to which this prospectus supplement relates are sold or the offering is otherwise terminated.

We will provide without charge to each person, including any beneficial owners, to whom a prospectus supplement is delivered, upon written or oral request, a copy of any or all the documents and reports described above and incorporated by reference into this prospectus supplement (other than exhibits to such documents, unless such documents are specifically incorporated by reference). Any such request may be made by writing or by telephoning us at the following address or phone number:

NXP Semiconductors N.V.

Attn: Legal Department

High Tech Campus 60

5656 AG Eindhoven

The Netherlands

Telephone: +31 40 2729233

Attn: Investor Relations, Mr. Jeff Palmer

411 E. Plumeria Drive

San Jose CA 95134

USA

Telephone: +1 408 518 5411

The documents incorporated by reference into this prospectus supplement can also be requested through, and are available in, the Investors section of our website, which is located at [www.nxp.com](http://www.nxp.com). The reference to our website address does not constitute incorporation by reference of the information contained in our website. We have not authorized anyone else to provide you with different information.

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**SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

The information presented in, or incorporated by reference into, this prospectus supplement includes forward-looking statements. When used in, or incorporated by reference into, this document, the words anticipate, believe, estimate, forecast, expect, intend, plan and project and similar expressions, as they relate to us, our management or third parties, identify forward-looking statements. Forward-looking statements include statements regarding our business strategy, financial condition, results of operations and market data, as well as any other statements that are not historical facts. These statements reflect beliefs of our management, as well as assumptions made by our management and information currently available to us. Although we believe that these beliefs and assumptions are reasonable, these statements are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those projected. These factors, risks and uncertainties expressly qualify all subsequent oral and written forward-looking statements attributable to us or persons acting on our behalf and include, in addition to those listed under Risk Factors and those included elsewhere in, or incorporated by reference into, this prospectus, the following:

market demand and semiconductor industry conditions;

our ability to successfully introduce new technologies and products;

the demand for the goods into which our products are incorporated;

our ability to generate sufficient cash, raise sufficient capital or refinance our debt at or before maturity to meet both our debt service and research and development and capital investment requirements;

our ability to accurately estimate demand and match our production capacity accordingly;

our ability to obtain supplies from third-party producers;

our access to production from third-party outsourcing partners, and any events that might affect their business or our relationship with them;

our ability to secure adequate and timely supply of equipment and materials from suppliers;

our ability to avoid operational problems and product defects and, if such issues were to arise, to rectify them quickly;

our ability to form strategic partnerships and joint ventures and successfully cooperate with our alliance partners;

our ability to win competitive bid selection processes;

our ability to develop products for use in our customers' equipment and products;

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our ability to successfully hire and retain key management and senior product engineers; and

our ability to maintain good relationships with our suppliers.

In addition, this prospectus supplement contains or incorporates by reference information concerning the semiconductor industry and our market and business segments generally, which is forward-looking in nature and is based on a variety of assumptions regarding the ways in which the semiconductor industry and our market and business segments will develop. We have based these assumptions on information currently available to us, including through the market research and industry reports referred to in this prospectus supplement. Although we believe that this information is reliable, we have not independently verified and cannot guarantee its accuracy or completeness. If any one or more of these assumptions turn out to be incorrect, actual market results may differ from those predicted. While we do not know what impact any such differences may have on our business, if there are such differences, they could have a material adverse effect on our future results of operations and financial condition, and the trading price of our common stock.

These and other factors are discussed in more detail under **Risk Factors** and elsewhere in our 2011 Annual Report, which is incorporated by reference herein. We do not assume any obligation to update any forward-looking statements and disclaim any obligation to update our view of any risks or uncertainties described or incorporated by reference herein or to publicly announce the result of any revisions to the forward-looking statements made in, or incorporated by reference into, this prospectus supplement, except as required by law.



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**PROSPECTUS SUPPLEMENT SUMMARY**

*This summary highlights selected information contained elsewhere in, or incorporated by reference into, this prospectus supplement or the accompanying prospectus. The information set forth in this summary does not contain all of the information that you should consider before investing in shares of our common stock. You should carefully read this entire prospectus supplement and the accompanying prospectus, including the factors described or referred to under the heading *Risk Factors* herein and in our 2011 Annual Report, as well as the financial statements and related notes and other information incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. This summary contains forward-looking statements that contain risks and uncertainties. Our actual results may differ significantly from future results as a result of factors such as those set forth in *Risk Factors* and *Forward-Looking Statements*.*

**Our Company**

We are a global semiconductor company and a long-standing supplier in the industry, with over 50 years of innovation and operating history. We provide leading High-Performance Mixed-Signal and Standard Products solutions that leverage our deep application insight and our technology and manufacturing expertise in radio frequency, analog, power management, interface, security and digital processing products. Our product solutions are used in a wide range of automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications. We engage with leading original equipment manufacturers ( *OEM s* ). For the nine months ended September 30, 2012, 60% of our revenue was derived from Asia Pacific (excluding Japan). Since our separation from Koninklijke Philips Electronics N.V. ( *Philips* ) in 2006, we have significantly repositioned our business to focus on High-Performance Mixed-Signal solutions and implemented between 2008 and 2011 a redesign program aimed at achieving a world-class cost structure and processes (the *Redesign Program* ). As of December 31, 2012, we had approximately 25,350 full-time equivalent employees located in more than 25 countries, with research and development activities in Asia, Europe and the U.S., and manufacturing facilities in Asia and Europe.

**The NXP Solution**

We design and manufacture High-Performance Mixed-Signal semiconductor solutions to meet the challenging requirements of systems and sub-systems in our target markets. High-Performance Mixed-Signal solutions are an optimized mix of analog and digital functionality integrated into a system or sub-system. These solutions are fine-tuned to meet the specific performance, cost, power, size and quality requirements of applications. High-Performance Mixed-Signal solutions alleviate the need for OEMs to possess substantial system, sub-system and component-level design expertise required to integrate discrete components into an advanced fully functional system. We have what we believe is an increasingly uncommon combination of capabilities our broad range of analog and digital technologies, application insights and world-class process technology and manufacturing capabilities to provide our customers with differentiated solutions that serve their critical requirements. Customers often engage with us early, which allows us to hone our understanding of their application requirements and future product roadmaps and to become an integral partner in their system design process. Within our High-Performance Mixed-Signal segment we have four business units; a business unit focusing on solutions for portable and computing, a business unit focusing on solutions for industrial and infrastructure, a business unit focusing on solutions for automotive and a business unit focusing on solutions for identification.

**Our Strengths**

We believe we have a number of strengths that create the opportunity for us to be a leader in our target markets. Some of these strengths include:

***Market-leading products.*** For the year ended December 31, 2011, approximately 78% of our High-Performance Mixed-Signal sales and 73% of our Standard Products sales were generated by products for which we held a top three market position based on product sales.

***Strong intellectual property portfolio.*** We have an extensive intellectual property portfolio of approximately 11,000 issued and pending patents covering the key technologies used in our target application areas.

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***Deep applications expertise.*** We have built, and continue to build, through our relationships with leading OEMs and through internal development efforts in our advanced systems lab, deep insight into the component requirements and architectural challenges of electronic system solutions in our target end-market applications, thereby enhancing our engagement in our customers' product platforms. The fact that we have dedicated business units within our High-Performance Mixed-Signal segment underlines this.

***Strong, well-established customer relationships.*** We have strong, well-established relationships with almost every major automotive, identification, mobile handset, consumer electronics, mobile base station and lighting supplier in the world. Some of our top OEM customers, in terms of revenue, include Apple, Bosch, Continental Automotive, Giesecke/Devrient, Ericsson, Harman/Becker, Huawei, Nokia, Nokia Siemens Networks, Oberthur, Panasonic, Philips, Samsung, Sony, Visteon and ZTE. We also serve customers through our distribution partners.

***Differentiated process technologies and competitive manufacturing.*** We focus our internal and joint venture wafer manufacturing operations on running a portfolio of proprietary specialty process technologies that enable us to differentiate our products on key performance features. By concentrating our manufacturing activities in Asia and by significantly streamlining our operations through our Redesign Program, we believe we have a competitive manufacturing base.

### **NXP Repositioning and Redesign**

Since our separation from Philips in 2006, we have significantly repositioned our business and market strategy. Further, between 2008 and 2011, we executed our Redesign Program to better align our costs with our more focused business scope, and in November 2012 we announced the introduction of an operating expenses ( OPEX ) reduction program focusing specifically on selling, general and administrative expenses and aimed at finding ways to run our company more efficiently in our cyclical industry. Key elements of our repositioning and redesign are:

### **Our Repositioning**

***New leadership team.*** Nine of the twelve members of our executive management team have been recruited from outside NXP. Prior to joining NXP, our chief executive officer, Rick Clemmer, and chief financial officer, Peter Kelly, played leading roles in a program that significantly enhanced the performance of Agere Systems Inc. ( Agere ). Ruediger Stroh, our executive vice president and general manager High-Performance Mixed-Signal identification, joined us from LSI Corporation and previously Agere, where he helped to turn around the hard disk-drive business. Alexander Everke, our executive vice president and general manager High-Performance Mixed-Signal industrial and infrastructure came to us from Infineon Technologies AG ( Infineon ), where he led the global sales organization and helped to restructure the company's go-to-market model. Dave French, our executive vice president and general manager of High-Performance Mixed-Signal portable and computing, joined in April 2012 with more than 30 years' experience in the semiconductor industry, having served as president and CEO of Cirrus Logic. Loh Kin Wah, our executive vice president of sales, was previously President and CEO of Qimonda AG, and prior to that responsible for the Communication Business Group and subsequently the Memories Product Group at Infineon. Chris Belden, our executive vice president Operations, implemented the manufacturing redesign program of Freescale Semiconductor, Inc. ( Freescale ), formerly part of Motorola, Inc., between 2002 and 2005. Sean Hunkler, executive vice president of our operations, sharing responsibility with Mr. Belden for managing our operations, joined in July 2012 with more than 28 years of experience in the semiconductor and materials industries in the U.S. and Asia, including leading roles in internal and external manufacturing operations for MEMC Electronic Materials, Inc. and Freescale.

***Focus on High-Performance Mixed-Signal solutions.*** We have implemented our strategy of focusing on High-Performance Mixed-Signal solutions because we believe it to be an attractive market in terms of growth, barriers to entry, relative market share, relative business and pricing stability, and capital intensity. Several transactions have been core to our strategic realignment and focus on High-Performance Mixed-Signal: in September 2007, we divested our cordless phone system-on-chip business to DSP Group, Inc.; in July 2008, we contributed our wireless activities to the ST-NXP Wireless joint venture (our stake in which was subsequently sold, with the business being renamed ST-Ericsson ); and in February 2010, we merged our television systems and set-top box business with Trident Microsystems,



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Inc. ( Trident ). Our primary motivations for exiting the system-on-chip markets for wireless activities and consumer applications were the significant research and development investment requirements and high customer concentration inherent in these markets. In addition, we sold two non-semiconductor component businesses. In July 2011, we sold our Sound Solutions business (formerly included in our Standard Products segment), which makes mobile speakers and receivers, to Knowles Electronics, an affiliate of Dover Corporation. This has enabled us to significantly increase our research and development investments in the High-Performance Mixed-Signal applications on which we focus. To further strengthen our High Performance Mixed Signal position, we have made a number of acquisitions in recent years, such as the acquisition on July 21, 2010 of Jennic Ltd., a developer of low power RF solutions for wireless applications. On April 12, 2012 we acquired Catena Holding B.V., a design and IP company, specialized in radio frequency communication, analog, mixed signal and digital signal processing.

***New customer engagement strategy.*** We have implemented a new approach to serving our customers and have invested significant additional resources in our sales and marketing organizations. We have created application marketing teams that focus on delivering solutions that include as many suitable NXP components as possible in their system reference designs, which helps us achieve greater cross-selling between our various product lines, while helping our customers accelerate their time to market. With the increased number of application engineers and our applications marketing approach, we are able to engage with more design locations ranging from our largest, highest volume customers to the mid-size customers who typically have lower volumes but more attractive margins.

### **Our Redesign**

***Streamlined cost structure.*** As a result of our Redesign Program, we have achieved between 2008 and 2011 manufacturing and operating cost savings through a combination of headcount reductions, factory closings and restructuring of our IT infrastructure.

***Leaner manufacturing base.*** As a part of our Redesign Program, we have significantly reduced our overall manufacturing footprint, particularly in high-cost geographies. Our current manufacturing strategy focuses on capabilities that differentiate NXP in terms of product features, process capabilities, cost, supply chain and quality. Accordingly, we have closed or sold a number of facilities, including but not limited to, the sale of our wafer factory in Caen, France in June 2009, the closure of our production facility in Fishkill, New York in July 2009, the closure of part of our front-end manufacturing in Hamburg, Germany in January 2010, and the closure of our ICN5 facility in Nijmegen, the Netherlands at the end of 2010. As a result, we have reduced the number of our front-end manufacturing facilities from fourteen at the time of our separation from Philips in 2006 to six by the end of 2012. Also, during the fourth quarter of 2011 we took steps for the future closure of the ICN4 and ICN6 wafer fabs in Nijmegen, the Netherlands.

***Operating Expenses (OPEX) Reduction Program.*** We are currently working towards optimizing future business growth from a sustainable foundation. In November 2012, we announced the introduction of our OPEX Reduction Program, focusing specifically on Selling, General and Administrative expenses and aimed at finding ways to run our company more efficiently in our cyclical industry. The objective of the OPEX Reduction Program is to bring these expenditures down to 12% of our revenue, meaning around two percentage points lower for the fiscal year ended December 31, 2013, compared to 2012.

### **Our Strategy**

Our strategy is to be the leading provider of High-Performance Mixed-Signal solutions, supported by a strong Standard Products business, addressing our priority application areas. Key elements of this strategy are:

***Extend our leadership in High-Performance Mixed-Signal markets.*** We intend to leverage our industry-leading RF, analog, power management, interface, security and digital processing technologies and capabilities to extend our leadership positions in providing High-Performance Mixed-Signal solutions for automotive, identification, wireless infrastructure, lighting, industrial, mobile, consumer and computing applications. Based on a combination of external and internal sources, we estimate that the consolidated market size of these addressed High-Performance Mixed-Signal markets was \$16.6 billion as of December 31, 2011.



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**Focus on significant, fast growing opportunities.** We are focused on providing solutions that address the macro trends of energy efficiency, mobility and connected mobile devices, security and healthcare, as well as rapid growth opportunities in emerging markets given our increasing market share in Asia Pacific (excluding Japan), which represented 57% of our revenue for the year ended December 31, 2011.

**Deepen relationships with our key customers through our application marketing efforts.** We intend to increase our market share by focusing on and deepening our customer relationships, further growing the number of our field application engineers at our customers' sites and increasing product development work we conduct jointly with our lead customers. We have dedicated business units within our High-Performance Mixed-Signal segment to help cultivate key customer relationships.

**Expand gross and operating margins.** We continue to actively consider operational improvement programs aimed at accelerating revenue growth, expanding gross margins and improving overall profitability through better operational execution and streamlining of our cost structure.

**Recent Developments****Recent Results**

*Fourth Quarter 2012 Results (\$ millions, except EPS and percentages, unaudited)*

	Q4 2012	Q3 2012	Q4 2011	Q	Q	Y	Y	2012	2011	Y	Y
Product Revenue	\$ 1,066	\$ 1,114	\$ 857	-4%		24%		\$ 4,114	\$ 3,831	7%	
Mfg. & Other Revenue	\$ 50	\$ 56	\$ 74	-11%		-32%		\$ 244	\$ 363	-33%	
<b>Total Revenue</b>	<b>\$ 1,116</b>	<b>\$ 1,170</b>	<b>\$ 931</b>	<b>-5%</b>		<b>20%</b>		<b>\$ 4,358</b>	<b>\$ 4,194</b>	<b>4%</b>	
<b>GAAP Gross Profit</b>	<b>\$ 490</b>	<b>\$ 536</b>	<b>\$ 389</b>	<b>-9%</b>		<b>26%</b>		<b>\$ 1,988</b>	<b>\$ 1,906</b>	<b>4%</b>	
GAAP Gross Margin	43.9%	45.8%	41.8%					45.6%	45.4%		
<b>GAAP Operating Income</b>	<b>\$ 33</b>	<b>\$ 168</b>	<b>\$ 7</b>	<b>-80%</b>		<b>371%</b>		<b>\$ 412</b>	<b>\$ 357</b>	<b>15%</b>	
GAAP Operating Margin	3.0%	14.4%	0.8%					9.5%	8.5%		
<b>GAAP Net Income / (Loss)</b>	<b>\$ (116)</b>	<b>\$ 115</b>	<b>\$ (182)</b>	<b>NM</b>		<b>NM</b>		<b>\$ (115)</b>	<b>\$ 390</b>	<b>NM</b>	
<b>GAAP EPS, Diluted</b>	<b>\$ (0.47)</b>	<b>\$ 0.45</b>	<b>\$ (0.73)</b>	<b>NM</b>		<b>NM</b>		<b>\$ (0.46)</b>	<b>\$ 1.57</b>	<b>NM</b>	
<b>GAAP EPS, Basic</b>	<b>\$ (0.47)</b>	<b>\$ 0.46</b>	<b>\$ (0.73)</b>	<b>NM</b>		<b>NM</b>		<b>\$ (0.46)</b>	<b>\$ 1.57</b>	<b>NM</b>	

*Supplemental Information (\$ millions, unaudited)*

	Q4 2012	Q3 2012	Q4 2011	% Q4 Total	Q	Q	Y	Y	2012	2011	Y	Y
Automotive	\$ 227	\$ 239	\$ 218	20%	-5%		4%		\$ 939	\$ 930	1%	
Identification	\$ 290	\$ 275	\$ 155	26%	5%		87%		\$ 986	\$ 698	41%	
Infrastructure & Industrial	\$ 156	\$ 165	\$ 149	14%	-5%		5%		\$ 604	\$ 617	-2%	
Portable & Computing	\$ 195	\$ 222	\$ 137	18%	-12%		42%		\$ 753	\$ 661	14%	
High Performance Mixed Signal (HPMS)	\$ 868	\$ 901	\$ 659	78%	-4%		32%		\$ 3,282	\$ 2,906	13%	
Standard Products (STDP)	\$ 198	\$ 213	\$ 198	18%	-7%		0%		\$ 832	\$ 925	-10%	
<b>Product Revenue</b>	<b>\$ 1,066</b>	<b>\$ 1,114</b>	<b>\$ 857</b>	<b>96%</b>	<b>-4%</b>		<b>24%</b>		<b>\$ 4,114</b>	<b>\$ 3,831</b>	<b>7%</b>	
Manufacturing & Other	\$ 50	\$ 56	\$ 74	4%	-11%		-32%		\$ 244	\$ 363	-33%	
<b>Total Revenue</b>	<b>\$ 1,116</b>	<b>\$ 1,170</b>	<b>\$ 931</b>	<b>100%</b>	<b>-5%</b>		<b>20%</b>		<b>\$ 4,358</b>	<b>\$ 4,194</b>	<b>4%</b>	

*Additional Information for the Fourth Quarter of 2012:*

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Total gross debt at the end of the fourth quarter 2012 was \$3,492 million, a reduction of \$90 million from the \$3,582 million in the prior quarter. Cash balance at the end of the fourth quarter of 2012 was \$617 million, resulting in a net-debt position of \$2,875 million.

Net cash interest paid in the fourth quarter of 2012 was \$55 million.

SSMC, NXP's consolidated joint-venture wafer fab with TSMC, reported fourth quarter 2012 operating income of \$46 million and a closing cash balance of \$288 million.

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Utilization in NXP wafer fabs averaged 85 percent in the fourth quarter 2012 compared to 71 percent in the year ago period and 91 percent in the prior quarter.

During the fourth quarter of 2012 NXP booked a \$98 million charge associated with a restructuring initiative (including but not limited to the OPEX Reduction Program) designed to improve operational efficiency and to competitively position the Company for sustainable growth. The components of the restructuring initiative were: \$55 million in SG&A to assist in driving SG&A to 12 percent of revenue; \$23 million in R&D to refocus resources; and \$20 million in cost of goods sold, mainly related to the consolidation of MOS technologies from our German fabrication facility to the company's 8-inch Dutch facility.

### ***Management Change***

Effective January 7, 2013, Hans Rijns and Dave French became jointly responsible for research and development. Mr Rijns has been appointed chief technology officer and has combined that role with his current position of senior vice president and head of research. Mr French has been appointed executive vice president of research and development in combination with his role as general manager of High-Performance Mixed-Signal portable and computing.

### ***2020 Term Loan and Tender Offer for 2018 Dollar Fixed Rate Secured Notes***

On December 12, 2012, we settled our tender offer (the "Tender Offer") for \$500 million aggregate principal amount of our outstanding U.S. dollar-denominated 9 <sup>3</sup>/<sub>4</sub>% senior secured notes due 2018 (the "2018 Dollar Fixed Rate Secured Notes"). To fund the consideration of \$604 million, we used cash on hand as well as drawings of \$500 million under a joinder agreement to our secured term credit agreement that we entered into on December 10, 2012 with Deutsche Bank Securities Inc., Merrill Lynch, Pierce Fenner & Smith Incorporated and Goldman Sachs Bank USA, as arrangers (the "2020 Term Loan").

### ***Increased Available Borrowing Capacity under our Revolving Credit Agreement***

Effective on October 29, 2012, we agreed with a syndicate of participating banks to increase by 120 million, from 500 million to 620 million, the aggregate amount that can be drawn at any time under our Revolving Credit Agreement. The Revolving Credit Agreement will expire on March 1, 2017 and will be used for general corporate purposes.

### ***Redemption of Super Priority Notes***

On October 8, 2012, we completed the redemption of all of our outstanding euro-denominated 10% super priority notes due 2013 (the "Euro Super Priority Notes") and all of our outstanding U.S. dollar-denominated 10% super priority notes due 2013 (the "Dollar Super Priority Notes" and, together with the Euro Super Priority Notes, the "Super Priority Notes"). The face value of the redeemed Super Priority Notes amounted to \$202 million, while the book value of the redeemed Super Priority Notes amounted to \$188 million. The total cash consideration that we paid for the redemption equaled \$216 million, excluding accrued interest. As a result, we expect to record a \$28 million debt extinguishment loss in our financial income (expense) line of our condensed consolidated statement of operations for the fourth quarter of 2012. The redemption of the Super Priority Notes was financed by a drawdown of an additional \$100 million under our Revolving Credit Agreement and with cash on hand.

### ***Private offering of 5.75% senior notes due 2021 to institutional investors***

On February 1, 2013, we announced the pricing of a private offering to institutional investors of \$500 million aggregate principal amount of U.S. dollar-denominated 5.75% senior notes due 2021 by our wholly-owned subsidiaries NXP B.V. and NXP Funding LLC. This offering is expected to close on February 14, 2013. We intend to use the net proceeds of this private offering to repay amounts outstanding under our Second 2017 Term Loan.



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**COMPANY INFORMATION**

We were incorporated in the Netherlands as a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) under the name KASLION Acquisition B.V. on August 2, 2006, in connection with the sale by Philips of 80.1% of its semiconductor business on September 29, 2006, to a consortium of funds advised by Kohlberg Kravis Roberts & Co. L.P. ( KKR ), Bain Capital Partners, LLC ( Bain ), Silver Lake Technology Management, L.L.C. ( Silver Lake ), Apax Partners LLP ( Apax ) and AlpInvest Partners B.V. ( AlpInvest, and, collectively, the Private Equity Consortium ). For a list of the specific funds that hold our common stock and their respective share ownership, see Selling Stockholders elsewhere in this prospectus supplement. On May 21, 2010, we converted from a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*) into a Dutch public company with limited liability (*naamloze vennootschap*) and changed our name from KASLION Acquisition B.V. to NXP Semiconductors N.V. On August 5, 2010, we made an initial public offering and listed on the NASDAQ Global Select Market.

We had one class of shares of common stock and an aggregate of 251,751,500 shares of common stock outstanding as of December 31, 2012, of which 30,000,000 are to be sold by the Selling Stockholders as part of this offering.

We are a holding company whose only material assets are the direct ownership of 100% of the shares of NXP B.V., a Dutch private company with limited liability (*besloten vennootschap met beperkte aansprakelijkheid*).

Our corporate seat is in Eindhoven, the Netherlands. Our principal executive office is at High Tech Campus 60, 5656 AG Eindhoven, the Netherlands, and our telephone number is +31 40 2729233. Our website address is [www.nxp.com](http://www.nxp.com). The information contained on our website or that can be accessed through our website neither constitutes part of this prospectus supplement nor is incorporated by reference herein.

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**THE OFFERING**

*The following summary of the offering contains basic information about the offering and the common stock and is not intended to be complete. It does not contain all the information that may be important to you. For a more complete understanding of the common stock, please refer to the section of the accompanying prospectus entitled "Description of Common Stock."*

Common stock offered by the Selling Stockholders	30,000,000 shares of common stock, par value 0.20 per share.
Selling Stockholders	The Selling Stockholders include members of the Private Equity Consortium and PPTL Investment LP. Some of the Selling Stockholders are affiliated with directors of the Company, and with members of our senior management. See "Selling Stockholders."
Use of proceeds	We will not receive any proceeds from this sale of shares by the Selling Stockholders.
Dividend policy	Our ability to pay dividends on our common stock is limited by the covenants of our secured revolving credit agreement dated April 27, 2012 (the "Revolving Credit Agreement"), the secured term credit agreement that we entered into on March 4, 2011 (the "First 2017 Term Loan"), the joinder and amendment agreement to the secured term credit agreement that we entered into on November 18, 2011 (the "Second 2017 Term Loan" and together with the First 2017 Term Loan, the "2017 Term Loans"), the joinder and amendment agreement to the secured term credit agreement that we entered into on February 16, 2012 (the "2019 Term Loan") and the joinder agreement to the secured term credit agreement that we entered into on December 10, 2012 (the "2020 Term Loan" and, together with the 2019 Term Loan and the 2017 Term Loans, the "Term Loans") and the indentures (collectively, the "Indentures") governing the terms of our euro-denominated floating rate senior secured notes due October 15, 2013 (the "Euro Floating Rate Secured Notes"), our U.S. dollar-denominated floating rate senior secured notes due October 15, 2013 (the "2013 Dollar Floating Rate Secured Notes"), our U.S. dollar-denominated floating rate senior secured notes due November 15, 2016 (the "2016 Dollar Floating Rate Secured Notes"), our U.S. dollar-denominated 3.4% senior secured notes due August 1, 2018 (the "Dollar Fixed Rate Secured Notes" and, together with the Euro Floating Rate Secured Notes, the 2013 Dollar Floating Rate Secured Notes, the 2016 Dollar Floating Rate Secured Notes and the Dollar Fixed Rate Secured Notes, the "Secured Notes") and our 5.75% senior notes due 2021 which are expected to be issued on February 14, 2013, and may be further restricted by the terms of any future debt or preferred securities. As a result, we currently expect to retain future earnings for use in the operation and expansion of our business and the repayment of our debt and do not anticipate paying any cash dividends in the foreseeable future. See "Dividend Policy."
Risk factors	You should carefully read and consider the information set forth under "Risk Factors" herein, in the accompanying prospectus and in the documents incorporated by reference herein, including our 2011 Annual Report, before investing in our common stock.
NASDAQ Global Select Market symbol	NXPI



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The number of shares of common stock that will be outstanding after this offering is calculated based on 251,751,500 shares outstanding as of December 31, 2012 and excludes:

26,024,330 shares of common stock underlying stock options outstanding as of December 31, 2012 of which 15,114,216 stock options at a weighted average exercise price of \$25.14 (or \$33.16 based on the exchange rate as of December 31, 2012) per share and 10,910,114 stock options at a weighted average exercise price of \$19.12;

5,708,597 shares of common stock underlying performance and restricted share units outstanding as of December 31, 2012; and

62,765 shares of common stock issuable upon the exercise of equity rights outstanding as of December 31, 2012.

**RISK FACTORS**

Elsewhere in this prospectus supplement, we have described several categories of risks that affect our business. These include risks specifically related to our business and industry, as well as a number of risks related to this offering that can affect your investment in the shares of our common stock. You should read the "Risk Factors" beginning on page S-13 of this prospectus supplement, beginning on page 5 of the accompanying prospectus, and in our 2011 Annual Report (which document is incorporated by reference herein) and our financial statements and related notes, for a more detailed explanation of these risks.

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**CORPORATE STRUCTURE**

The following chart reflects our corporate structure as of September 30, 2012 and after giving effect to (i) our repurchase of \$500 million aggregate principal amount of the 2018 Dollar Fixed Rate Secured Notes in the Tender Offer, (ii) our entry into and borrowing of \$500 million under the 2020 Term Loan, (iii) our redemption of \$202 million aggregate principal amount of Super Priority Notes, (iv) the private offering to institutional investors of \$500 million aggregate principal amount of senior notes due 2021 which priced on January 31, 2013 and is expected to close on February 14, 2013 and (v) the repayment with the proceeds of such private offering of \$493,750,000 principal amount of borrowings under our Second 2017 Term Loan (collectively, items (i) through (v) are referred to herein as, the Refinancing Transactions ).

- (1) Includes the Private Equity Consortium, as well as certain co-investors. Some of our co-investors have recently sold part of their holdings of shares of our common stock, in accordance with the applicable securities law exemptions from registration.
- (2) As of December 31, 2012, 26,024,330 shares of common stock underlying stock options were outstanding. Furthermore, we have an aggregate of 5,708,597 shares of common stock outstanding as of December 31, 2012, issued as performance and restricted share units, under the Long Term Incentive Plan 2012, 2011 and 2010. In addition, 62,765 shares of common stock issuable upon the exercise of equity rights are outstanding as of December 31, 2012 under different employee incentive programs. On March 9, 2011, approximately 550,000 shares of common stock held by the management foundations were transferred to members of management and other executives in conversion for depository receipts for shares held by them. On the same date, approximately 200,004 shares of common stock held by the management foundations were transferred as restricted stock or performance related stock to participants in the Long-Term Incentive Plan 2010. The remaining approximately 1,299,996 shares of common stock held by the management foundations were purchased by the Company and were reserved for issuance under our stock option and equity incentive plans.
- (3) After giving effect to the Refinancing Transactions, as of September 30, 2012, we had \$230 million of borrowings under the Revolving Credit Agreement. As described in more detail under Summary Recent Developments Redemption of Super Priority Notes, an additional \$100 million was drawn under our Revolving Credit Agreement on October 9, 2012 to finance part of the redemption of the Super Priority Notes.

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- (4) After giving effect to the Refinancing Transactions, as of September 30, 2012, we had \$1,461 million of borrowings under the Term Loans. See Recent Developments 2020 Term Loan and Tender Offer for 2018 Dollar Fixed Rate Secured Notes and Recent Developments Private offering of 5.75% senior notes due 2021 to institutional investors.
  
- (5) After giving effect to the Refinancing Transactions, as of September 30, 2012, \$1,280 million aggregate principal amount of Existing Secured Notes (as defined herein) was outstanding.
  
- (6) On February 1, 2013, we announced the pricing of a private offering to institutional investors of \$500 million aggregate principal amount of U.S. dollar-denominated 5.75% senior notes due 2021 by our wholly-owned subsidiaries NXP B.V. and NXP Funding LLC. This offering is expected to close on February 14, 2013.

**Table of Contents****SUMMARY HISTORICAL CONSOLIDATED FINANCIAL AND OTHER DATA**

The following table summarizes our historical consolidated financial data at the dates and for the periods indicated. The summary historical consolidated financial data as of and for the years ended December 31, 2009, 2010 and 2011, have been derived from our audited consolidated financial statements, incorporated by reference into this document. The results of operations for prior years are not necessarily indicative of the results to be expected for any future period. We prepare our financial statements in accordance with generally accepted accounting principles in the United States ( U.S. GAAP ). The summary historical consolidated financial data should be read in conjunction with the Operating and Financial Review and Prospects, in our 2011 Annual Report and the Management's Discussion and Analysis of Financial Condition and Results of Operations in our Q3 2012 Interim Report and the consolidated financial statements and accompanying notes incorporated by reference into this document.

The summary historical consolidated financial data as of and for the twelve months ended September 30, 2012 has been derived by adding the historical consolidated financial data of NXP Semiconductors N.V. as of and for the financial year ended December 31, 2011, to the historical consolidated financial data of NXP Semiconductors N.V. as of and for the nine months ended September 30, 2012, and subtracting the historical consolidated financial data of NXP Semiconductors N.V. as of and for the nine months ended October 2, 2011.

The results of operations for prior years or the interim periods are not necessarily indicative of the results to be expected for the full year or any future period. The summary historical consolidated financial data should be read in conjunction with the Operating and Financial Review and Prospects in our 2011 Annual Report and the consolidated financial statements and accompanying notes incorporated by reference into this document and with the Management's Discussion and Analysis of Financial Condition and Results of Operations in our Q3 2012 Interim Report and the consolidated financial statements and accompanying notes incorporated by reference into this document.

	December 31, 2009 <sup>(1)</sup>	As of and for the years ended		As of and for the nine months ended	
		December 31, 2010	December 31, 2011	October 2, 2011	September 30, 2012
(\$ in millions unless otherwise indicated)					
<b>Consolidated Statements of Operations:</b>					
Revenue	3,519	4,402	4,194	3,263	3,242
Cost of revenue	(2,621)	(2,579)	(2,288)	(1,746)	(1,744)
<b>Gross Profit</b>	898	1,823	1,906	1,517	1,498
Research and development	(764)	(568)	(635)	(484)	(457)
Selling, general and administrative <sup>(2)</sup>	(1,052)	(966)	(918)	(682)	(689)
Other income (expense)	(13)	(16)	4	(1)	27
<b>Operating Income (Loss)</b>	(931)	273	357	350	379
Financial income (expense):					
Extinguishment of debt	1,020	57	(32)	(25)	(47)
Other financial income (expense)	(338)	(685)	(225)	(67)	(237)
<b>Income (Loss) Before Income Taxes</b>	(249)	(355)	100	258	95
Provision for income taxes	(10)	(24)	(21)	(19)	(8)
Results relating to equity-accounted investees	74	(86)	(77)	(62)	(42)
<b>Income (Loss) From Continuing Operations</b>	(185)	(465)	2	177	45
Income on discontinued operations, net of tax	32	59	434	432	1
<b>Net Income (Loss)</b>	(153)	(406)	436	609	46
Net Income (Loss) attributable to non-controlling interests	14	50	46	37	45
Net Income (Loss) attributable to stockholders	(167)	(456)	390	572	1





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	December 31, 2009 <sup>(1)</sup>	As of and for the years ended		As of and for the nine months ended	
		December 31, 2010	December 31, 2011	October 2, 2011	September 30, 2012
(\$ in millions unless otherwise indicated)					
<b>Consolidated Statements of Cash Flows Data:</b>					
Net cash provided by (used in):					
Operating activities	(701)	361	175	209	558
Investing activities	63	(269)	(202)	(169)	(198)
Financing activities	(109)	(157)	(926)	(914)	(365)
<b>Per Share Data:<sup>(3)</sup></b>					
Net Income (Loss) attributable to Stockholders per Common Share in \$:					
<i>Basic Earnings Per Common Share</i>					
Income (Loss) from Continuing Operations	(0.93)	(2.25)	(0.17)	0.56	
Income (Loss) from Discontinued Operations	0.15	0.26	1.74	1.73	
Net Income (Loss)	(0.78)	(1.99)	1.57	2.29	
<i>Diluted Earnings Per Common Share</i>					
Income (Loss) from Continuing Operations	(0.93)	(2.25)	(0.17)	0.55	
Income (Loss) from Discontinued Operations	0.15	0.26	1.74	1.70	
Net Income (Loss)	(0.78)	(1.99)	1.57	2.25	
Weighted Average Number of Shares of Common Stock Used in Computing Per Share Amounts (in thousands) <sup>(4)</sup>					
Basic	215,252	229,280	248,812	249,534	247,917
Diluted	215,252	229,280	248,812	254,669	253,020
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents	1,026	898	743	865	702
Total assets	8,579	7,637	6,612	7,014	6,501
Net assets <sup>(5)</sup>	1,041	1,219	1,357	1,560	1,404
Working capital <sup>(6)</sup>	870	811	969	896	906
Total debt	5,283	4,551	3,799	3,821	3,582
Total stockholders' equity	843	986	1,145	1,357	1,187
Common stock	42	51	51	51	51

- (1) All years prior to 2010 have been restated to reflect the effect of the sale of the Sound Solutions Business in 2011 as discontinued operations.
- (2) For the years ended December 31, 2009, 2010 and 2011, selling, general and administrative expenses consisted of selling expenses of, respectively, \$271 million, \$265 million and \$285 million, other general and administrative expenses of, respectively, \$712 million, \$701 million and \$633 million and, for the year ended December 31, 2009, an impairment of assets held for sale of \$69 million.
- (3) Due to our net losses from continuing operations attributable to stockholders in the full year periods from 2009 to 2011, all potentially dilutive securities have been excluded from the calculation of diluted earnings per common share because their effect would be anti-dilutive. On February 29, 2008, through a multi-step transaction, the nominal value of the common shares was decreased from 1.00 to 0.01 and all preference shares were converted into common shares, resulting in an increase of outstanding common shares from 100 million to 4.3 billion. In addition, on August 2, 2010, we amended our 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 0.01 to 0.20. On August 10, 2010, we issued an additional 34 million shares, which we sold as part of our IPO on August 5, 2010. On November 2, 2010, we issued 1.5 million shares as part of our setting up of the

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Long Term Incentive Plan 2010. On May 1, 2011 we issued 1 million shares in order to facilitate the exercise of stock options under our employee share plan.

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- (4) For the years 2009 and 2010, there is no difference between basic and diluted number of shares due to our net loss position in all periods presented. As a result, all potentially dilutive securities are anti-dilutive.
  
- (5) Net assets is calculated as total assets less current and non-current liabilities.
  
- (6) Working capital is calculated as current assets less current liabilities (excluding short-term debt).

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**RISK FACTORS**

*An investment in our common stock involves risk. Before investing in our common stock, you should carefully consider the risks described below as well as other factors and information included in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the risk factors set forth in our 2011 Annual Report and our financial statements and related notes, all of which are incorporated by reference into this prospectus supplement and the accompanying prospectus. Any such risks could materially and adversely affect our business, financial condition, results of operations or liquidity. However, the selected risks described below and in our 2011 Annual Report are not the only risks facing us. Our business, financial condition, results of operations or liquidity could also be adversely affected by additional factors that apply to all companies generally, as well as other risks that are not currently known to us or that we currently view to be immaterial. While we attempt to mitigate known risks to the extent we believe to be practicable and reasonable, we can provide no assurance, and we make no representation, that our mitigation efforts will be successful. In such a case, the trading price of the common stock could decline and you may lose all or part of your investment in our company.*

**Risks Related to this Offering and Ownership of Our Common Stock**

***Our stock price may change significantly following the offering, and you could lose all or part of your investment as a result.***

Securities markets worldwide experience significant price and volume fluctuations. This market volatility, as well as general economic, market or political conditions, could affect the market price of our common stock in spite of our operating performance. In addition, our operating results could be below expectations of public market analysts and investors, and in response, the market price of our common stock could decrease significantly. You may not be able to resell your shares at or above the offering price due to a number of factors such as those listed in Risk Factors in our 2011 Annual Report and the following factors, some of which are beyond our control:

actual or anticipated variations in our quarterly or annual results of operations;

results of operations that vary from the expectations of securities analysts and investors;

results of operations that vary from those of our competitors;

changes in expectations as to our future financial performance, including financial estimates by securities analysts and investors;

speculation in the press or investment community;

announcements by us, our competitors or our vendors of significant contracts, acquisitions, joint marketing relationships, joint ventures or capital commitments;

the passage of legislation or other regulatory developments affecting us or our industry;

additions or departures of key personnel;

changes in accounting principles;

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announcements by third parties of significant claims or proceedings against us;

increases in prices of raw materials for our products, fuel or our goods;

future sales of our common stock;

terrorist acts, acts of war or periods of widespread civil unrest;

natural disasters and other calamities; and

general domestic and international economic conditions.

Since February 1, 2012, the price of our common stock, as reported by NASDAQ, has ranged from a low of \$18.81 on June 4, 2012 to a high of \$31.28 on February 1, 2013. Furthermore, the stock market has experienced volatility, which in some cases has been unrelated or disproportionate to the operating performance of particular companies. These broad market and industry fluctuations may adversely affect the market price of our common stock, regardless of our actual operating performance.

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In the past, following periods of market volatility, shareholders have instituted securities class action litigation. If we were involved in securities litigation, it could have a substantial cost and divert resources and the attention of executive management from our business regardless of the outcome of such litigation.

***Future sales of our shares could depress the market price of our common stock.***

The market price of our common stock could decline as a result of sales of a large number of shares of our common stock in the market after this offer, or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for us to sell equity securities in the future at a time and at a price that we deem appropriate.

As of December 31, 2012, there were approximately 251,751,500 shares of our common stock outstanding, of which approximately 39% were freely tradable on the NASDAQ Global Select Market. The 30,000,000 shares of common stock sold in this offering will be freely tradable in the U.S. without restriction or further registration under the Securities Act of 1933, as amended, by persons other than our affiliates (within the meaning of Rule 144 under the Securities Act). After giving effect to this offering, approximately 51% of our shares of common stock will be freely tradable on the NASDAQ Global Select Market.

Following this offering the Private Equity Consortium and PPTL Investment LP will own 123,337,003 shares of our common stock. The Private Equity Consortium and PPTL Investment LP will be able to continue to sell their shares in the public market from time to time, although such sales may be subject to certain limitations on the timing, amount and method of those sales imposed by the SEC. The Private Equity Consortium, PPTL Investment LP and the underwriters have agreed to a lock up period, meaning that the Private Equity Consortium and PPTL Investment LP may not sell any of their shares without the prior consent of the underwriters for 30 days after the date of this offering and subject to certain exceptions. The Private Equity Consortium and PPTL Investment LP have the right to include their shares in future registration statements relating to our securities. If the Private Equity Consortium or PPTL Investment LP were to sell a large number of their shares, the market price of our stock could decline significantly. These shares may also be sold pursuant to Rule 144 under the Securities Act, depending on their holding period and subject to restrictions in the case of shares held by persons deemed to be our affiliates. In addition, the perception in the public markets that additional sales by the Private Equity Consortium or PPTL Investment LP might occur could also adversely affect the market price of our common stock.

In addition to the lock up period applicable to shares of our common stock held by the Private Equity Consortium and PPTL Investment LP, sales of our common stock held by certain of our directors and executive officers are also restricted by the lock up agreements that our certain of our directors and executive officers have entered into with the underwriters. The lock up agreements restrict certain of our directors and executive officers, subject to specified exceptions, from selling or otherwise disposing of any shares for a period of 30 days after the date of this prospectus without the prior consent of the underwriters, who may, however, in their sole discretion and without notice, release all or any portion of the shares from the restrictions in the lock up agreements.

As of December 31, 2012, 26,024,330 shares of common stock underlying stock options were outstanding. Furthermore, we have an aggregate of 5,708,597 shares of common stock outstanding as of December 31, 2012, issued as performance and restricted share units, under the Long Term Incentive Plan 2012, 2011 and 2010. In addition, 62,765 shares of common stock issuable upon the exercise of equity rights are outstanding as of December 31, 2012 under different employee incentive programs. On March 9, 2011, approximately 550,000 shares of common stock held by the management foundations were transferred to members of management and other executives in conversion for depository receipts for shares held by them. On the same date, approximately 200,004 shares of common stock held by the management foundations were transferred as restricted stock or performance related stock to participants in the Long-Term Incentive Plan 2010. The remaining approximately 1,299,996 shares of common stock held by the management foundations were purchased by the Company and were reserved for issuance under our stock option and equity incentive plans.

***Your percentage ownership in us may be diluted by future issuances of capital stock, which could reduce your influence over matters on which stockholders vote.***

In the future, we may issue additional shares of common stock in connection with acquisitions and other investments, as well as in connection with our current or any revised or new equity plans for management and

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other employees. The amount of our common stock issued in connection with any such transaction could constitute a material portion of our then outstanding common stock. If we issue all or any part of our authorized but unissued shares of our common stock, including shares issuable upon the exercise of options, or shares of our authorized but unissued preferred stock, your influence over matters on which stockholders vote would be reduced and the market price of our shares of common stock may decline. In the case of issuances of preferred stock, your interest in us would likely be subject to the prior rights of holders of that preferred stock.

### ***We do not intend to pay dividends for the foreseeable future.***

We have never declared or paid any cash dividends on our common stock and do not intend to pay any cash dividends in the foreseeable future. We anticipate that we will retain all of our future earnings for use in the operation and expansion of our business and in the repayment of our debt. Accordingly, investors must rely on sales of their shares of common stock after price appreciation, which may never occur, as the only way to realize any future gains on their investments.

### ***The Private Equity Consortium will continue to be able to influence or have control over us after this offering and this control limits your ability to influence our significant corporate transactions. The Private Equity Consortium may have conflicts of interest with other stakeholders, including our stockholders.***

The Private Equity Consortium controls us and, after this offering, will beneficially own 42% of our common stock. As a result, the Private Equity Consortium will continue to be able to influence or control matters requiring approval by our stockholders, including the election and removal of our directors, our corporate and management policies, potential mergers or acquisitions, payment of dividends, asset sales and other significant corporate transactions. We cannot assure you that the interests of the Private Equity Consortium will coincide with the interests of other holders of our common stock, particularly if we encounter financial difficulties or are unable to pay our debts when due. The concentration of ownership may have the effect of delaying, preventing or deterring a change of control of our company, could deprive our stockholders of an opportunity to receive a premium for their shares as part of a sale of us and might ultimately affect the market price of our common stock. See Selling Stockholders.

### ***United States civil liabilities may not be enforceable against us.***

We are incorporated under the laws of the Netherlands and substantial portions of our assets are located outside of the United States. In addition, certain members of our board, our officers and certain experts named herein reside outside the United States. As a result, it may be difficult for investors to effect service of process within the United States upon us or such other persons residing outside the United States, or to enforce outside the United States judgments obtained against such persons in U.S. courts in any action. In addition, it may be difficult for investors to enforce, in original actions brought in courts in jurisdictions located outside the United States, rights predicated upon the U.S. laws.

There is no treaty between the United States and the Netherlands for the mutual recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon the U.S. federal securities laws, would not be enforceable in the Netherlands unless the underlying claim is re-litigated before a Dutch court. Under current practice however, a Dutch court will generally grant the same judgment without a review of the merits of the underlying claim if (i) that judgment resulted from legal proceedings compatible with Dutch notions of due process, (ii) that judgment does not contravene public policy of the Netherlands and (iii) the jurisdiction of the United States federal or state court has been based on internationally accepted principles of private international law. Based on the foregoing, there can be no assurance that U.S. investors will be able to enforce against us or members of our board of directors, officers or certain experts named herein who are residents of the Netherlands or countries other than the United States any judgments obtained in U.S. courts in civil and commercial matters.

In addition, there is doubt as to whether a Dutch court would impose civil liability on us, the members of our board of directors, our officers or certain experts named herein in an original action predicated solely upon the U.S. laws brought in a court of competent jurisdiction in the Netherlands against us or such members, officers or experts, respectively.

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***We are a Dutch public company with limited liability. The rights of our stockholders may be different from the rights of stockholders governed by the laws of U.S. jurisdictions.***

We are a Dutch public company with limited liability (*naamloze vennootschap*). Our corporate affairs are governed by our articles of association and by the laws governing companies incorporated in the Netherlands. The rights of stockholders and the responsibilities of members of our board of directors may be different from the rights and obligations of stockholders in companies governed by the laws of U.S. jurisdictions. In the performance of its duties, our board of directors is required by Dutch law to consider the interests of our company, its stockholders, its employees and other stakeholders, in all cases with due observation of the principles of reasonableness and fairness. It is possible that some of these parties will have interests that are different from, or in addition to, your interests as a stockholder.

***Our articles of association, Dutch corporate law and our current and future debt instruments contain provisions that may discourage a takeover attempt.***

Provisions contained in our articles of association and the laws of the Netherlands, the country in which we are incorporated, could make it more difficult for a third party to acquire us, even if doing so might be beneficial to our stockholders. Provisions of our articles of association impose various procedural and other requirements, which could make it more difficult for stockholders to effect certain corporate actions.

Our general meeting of stockholders has empowered our board of directors to issue additional shares or to restrict or exclude pre-emptive rights on existing shares for a period of five years from August 2, 2010 until August 2, 2015. An issue of new shares may make it more difficult for a stockholder to obtain control over our general meeting.

In addition, our debt instruments contain, and future debt instruments may also contain, provisions that require prepayment or offers to prepay upon a change of control. These clauses may also discourage takeover attempts.

***We are a foreign private issuer and, as a result, are not subject to U.S. proxy rules but are subject to Exchange Act reporting obligations that, to some extent, are more lenient and less frequent than those of a U.S. issuer.***

We report under the Exchange Act, as a non-U.S. company with foreign private issuer status. Because we qualify as a foreign private issuer under the Exchange Act and although we follow Dutch laws and regulations with regard to such matters, we are exempt from certain provisions of the Exchange Act that are applicable to U.S. public companies, including: (i) the sections of the Exchange Act regulating the solicitation of proxies, consents or authorizations in respect of a security registered under the Exchange Act (ii) the sections of the Exchange Act requiring insiders to file public reports of their stock ownership and trading activities and liability for insiders who profit from trades made in a short period of time and (iii) the rules under the Exchange Act requiring the filing with the SEC of quarterly reports on Form 10-Q containing unaudited financial and other specified information, or current reports on Form 8-K, upon the occurrence of specified significant events. In addition, for fiscal years ending on or after December 15, 2011, foreign private issuers are required to file their annual report on Form 20-F by 120 days after the end of each fiscal year (for fiscal years ending before December 15, 2011, foreign private issuers are not required to file their annual report on Form 20-F until six months after the end of each fiscal year), while U.S. domestic issuers that are accelerated filers are required to file their annual report on Form 10-K within 75 days after the end of each fiscal year. Foreign private issuers are also exempt from the Regulation Fair Disclosure, aimed at preventing issuers from making selective disclosures of material information. As a result of the above, even though we are contractually obligated and intend to make interim reports available to our stockholders, copies of which we are required to furnish to the SEC on a Form 6-K, and even though we are required to file reports on Form 6-K disclosing whatever information we have made or are required to make public pursuant to Dutch law or distribute to our stockholders and that is material to our company, you may not have the same protections afforded to stockholders of companies that are not foreign private issuers.

***We are a foreign private issuer and, as a result, in accordance with the listing requirements of the NASDAQ Global Select Market we rely on certain home country governance practices rather than the corporate governance requirements of the NASDAQ Global Select Market.***

We are a foreign private issuer. As a result, in accordance with the listing requirements of the NASDAQ Global Select Market we rely on home country governance requirements and certain exemptions thereunder rather than relying on the corporate governance requirements of the NASDAQ Global Select Market. For an



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overview of our corporate governance principles, see Item 16G. Corporate Governance, of our 2011 Annual Report including the section describing the differences between the corporate governance requirements applicable to common stock listed on the NASDAQ Global Select Market and the Dutch corporate governance requirements. Accordingly, you may not have the same protections afforded to stockholders of companies that are not foreign private issuers.

As per January 1, 2013, the new Management and Supervision Act (the Supervision Act) has come into effect in the Netherlands. The Supervision Act provides for certain changes in Dutch company law. As a result of the Supervision Act, Dutch company law no longer contains restrictions on the powers of directors to represent the company in case of a conflict of interest, but provides that a member of the board of directors may not participate in the discussion and decision-making of the board about the conflicted subject. If all members of the board of directors have a conflict of interest, the resolution concerned will be adopted by the general meeting of shareholders, unless the articles of association provide otherwise. Our articles of association do not contain such alternative arrangements. If an executive director or a non-executive director does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and the director concerned may be held liable towards us.

In addition, the Supervision Act introduces a limitation on the number of supervisory positions that managing/executive and supervisory/non-executive directors of so called large entities may hold. We qualify as a large entity. Aside from the new restrictions on the number of supervisory positions, the Supervision Act also contains a required gender balance. This means that for large entities the seats in a managing, supervisory or one-tier board are to be divided among individuals, and the balanced participation is deemed to exist if at least 30% of the seats are taken by men and at least 30% by women. Pursuant to the Supervision Act, if we do not comply with the gender diversity rules, we will be required to explain this in our annual report.

Finally, the statutory provisions concerning the suspension of executive directors have been altered. The Supervision Act provides that, in one-tier board structures, executive directors can be suspended by the board of directors.

### ***Our actual operating results may differ significantly from our guidance.***

From time to time, we release guidance regarding our future performance that represents our management's estimates as of the date of release. This guidance, which consists of forward-looking statements, is prepared by our management and is qualified by, and subject to, the assumptions and the other information contained or referred to in such release and the factors described under Forward-Looking Statements in this prospectus. Our guidance is not prepared with a view toward compliance with published guidelines of the American Institute of Certified Public Accountants, and neither our independent registered public accounting firm nor any other independent expert or outside party compiles or examines the guidance and, accordingly, no such person expresses any opinion or any other form of assurance with respect thereto.

Guidance is based upon a number of assumptions and estimates that, while presented with numerical specificity, is inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond our control and are based upon specific assumptions with respect to future business decisions, some of which will change. We generally state possible outcomes as high and low ranges which are intended to provide a sensitivity analysis as variables are changed but are not intended to represent that actual results could not fall outside of the suggested ranges. The principal reason that we release this data is to provide a basis for our management to discuss our business outlook with analysts and investors. We do not accept any responsibility for any projections or reports published by any such persons.

Guidance is necessarily speculative in nature, and it can be expected that some or all of the assumptions of the guidance furnished by us will not materialize or will vary significantly from actual results. Accordingly, our guidance is only an estimate of what management believes is realizable as of the date of release. Actual results will vary from the guidance and the variations may be material. Investors should also recognize that the reliability of any forecasted financial data diminishes the farther in the future that the data is forecast. In light of the foregoing, investors are urged to put the guidance in context and not to place undue reliance on it.

Any failure to successfully implement our operating strategy or the occurrence of any of the events or circumstances set forth in, or incorporated by reference into, this prospectus could result in the actual operating results being different than the guidance, and such differences may be adverse and material.

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### **Risks Related to Our Business**

*The following risk factors are not the only risks related to our company. Instead, these risks are the only risks related to our company that we have updated since the filing of our 2011 Annual Report. For more information regarding additional risks related to our company, see the risks set forth under the caption Item 3. Key Information D. Risk Factors of our 2011 Annual Report.*

#### ***Significantly increased volatility and instability and unfavorable economic conditions may adversely affect our business.***

Since early 2008, Europe, the United States and international markets have experienced increased volatility and instability. More recently, this volatility and instability intensified because of the sovereign debt crisis in Europe and the related financial restructuring efforts, the ratings downgrade of certain major economies, including the United States and France, continued hostilities in the Middle East and other world events. This could further adversely affect the economies of the European Union, the United States and those of other countries and may exacerbate the cyclicity of our business. Among other factors, we face risks attendant to declines in general economic conditions, changes in demand for end-user products and changes in interest rates.

In October 2012, the International Monetary Fund projected global world output growth of 3.6% in 2013, a decrease of 0.3% from its 3.9% estimated growth for 2013 released in January 2012. Official forecasts have been fluctuating as of late and negative economic trends may become worse, in particular amidst concerns that the euro crisis may further deepen. Despite indications of stabilization and aggressive measures taken by governments and central banks, there is a significant risk that the global economy could enter into a deeper and longer lasting recession. If economic conditions remain uncertain or deteriorate, our business, financial condition and results of operations could be materially adversely affected.

As a consequence of the significantly increased volatility and instability and the unfavorable economic conditions, it is increasingly difficult for us, our customers and suppliers to forecast demand trends, we are unable to accurately predict the extent or duration of cycles or their effect on our financial condition or result of operations and can give no assurance as to the timing, extent or duration of the current or future business cycles. A recurrent decline in demand or the failure of demand to return to prior levels could have a material adverse effect on our business, financial condition or results of operations.

#### ***Our substantial amount of debt could adversely affect our financial health, which could adversely affect our results of operations.***

We are highly leveraged. Our substantial indebtedness could have a material adverse effect on us by making it more difficult for us to satisfy our payment obligations under our Revolving Credit Agreement, the Term Loans or our Secured Notes, by limiting our ability to borrow money for working capital, restructurings, capital expenditures, research and development, investments, acquisitions or other purposes, if needed, and by increasing the cost of any of these borrowings, by requiring us to dedicate a substantial portion of our cash flow from operations to service our debt, which reduces the funds available for operations and future business opportunities, by limiting our flexibility in responding to changing business and economic conditions, including increased competition and demand for new services, by placing us at a disadvantage when compared to those of our competitors that have less debt and by making us more vulnerable than those of our competitors who have less debt to a downturn in our business, industry or the economy in general. Despite our substantial indebtedness, we may still incur significantly more debt, which could further exacerbate the risks described above.

#### ***As our business is global, we need to comply with laws and regulations in countries across the world and are exposed to international business risks that could adversely affect our business.***

We operate globally, with manufacturing, assembly and testing facilities in several continents, and we market our products globally.

As a result, we are subject to environmental, labor and health and safety laws and regulations in each jurisdiction in which we operate. We are also required to obtain environmental permits and other authorizations or licenses from governmental authorities for certain of our operations and have to protect our intellectual property worldwide. In the jurisdictions where we operate, we need to comply with differing standards and varying practices of regulatory, tax, judicial and administrative bodies.

There is new U.S. legislation to improve the transparency and accountability concerning the supply of minerals coming from the conflict zones of the Democratic Republic of Congo and adjoining countries. Such legislation requires that, starting the calendar year beginning January 1, 2013, reporting companies that



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determine that conflict minerals are necessary to the functionality or production of a product they manufactured or contracted to be manufactured over a calendar year to file a Conflict Minerals Report as an exhibit to a Form SD report. The Conflict Minerals Report is required to set out the due diligence efforts and procedures exercised on the source and chain of custody of such conflict minerals, in accordance with a nationally or internationally recognized due diligence framework, and a description of the company's products containing such conflict minerals. The implementation of these requirements could increase our legal compliance costs and affect the sourcing and availability of minerals used in the manufacture of our products. As a result, there may only be a limited pool of suppliers who provide conflict free metals, and we cannot assure you that we will be able to obtain products in sufficient quantities or at competitive prices. Also, since our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to sufficiently verify the origins of all metals used in our products.

In addition, the business environment is also subject to many economic and political uncertainties, including the following international business risks:

negative economic developments in economies around the world and the instability of governments, such as the sovereign debt crisis in certain European countries or the downgrade of certain major economies, including the United States and France;

continued hostilities in the Middle East, including the threat of war. Although we have no direct investments in the Middle East, the continued hostilities may have a negative effect on our business, financial condition and operations, for instance via our customers, the energy prices and the financial markets;

potential terrorist attacks in the United States and Europe;

epidemics and pandemics, which may adversely affect our workforce, as well as our local suppliers and customers, in particular in Asia;

adverse changes in governmental policies, especially those affecting trade and investment; and

foreign currency exchange, in particular with respect to the U.S. dollar, and transfer restrictions, in particular in Greater China. No assurance can be given that we have been or will be at all times in complete compliance with the laws and regulations to which we are subject or that we have obtained or will obtain the permits and other authorizations or licenses that we need. If we violate or fail to comply with laws, regulations, permits and other authorizations or licenses, we could be fined or otherwise sanctioned by regulators. In this case, or if any of the international business risks were to materialize or become worse, they could have a material adverse effect on our business, financial condition and results of operations.

In addition, changing laws, regulations and standards relating to corporate governance and public disclosure are creating uncertainty for public companies, further increasing legal and financial compliance costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure.

***Legal proceedings covering a range of matters are pending in various jurisdictions. Due to the uncertainty inherent in litigation, it is difficult to predict the final outcome. An adverse outcome might affect our results of operations.***

We and certain of our businesses are involved as plaintiffs or defendants in legal proceedings in various matters. Although the ultimate disposition of asserted claims and proceedings cannot be predicted with certainty, our financial position and results of operations could be affected by an adverse outcome.

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For example, on January 7, 2009, the European Commission issued a release in which it confirmed it had started an investigation in the smart card chip sector. The European Commission has reason to believe that the companies concerned may have violated European Union competition rules prohibiting certain practices such as price fixing, customer allocation and the exchange of commercially sensitive information. As one of the companies active in the smart card chip sector, we are subject to this ongoing investigation and are assisting the regulatory authorities in this investigation. The investigation is still ongoing and it is currently not possible to reliably estimate its outcome. If the European Commission were to find that we violated European Union competition laws, it could impose fines and penalties on our company that, while the amounts cannot be

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predicted with certainty, we believe would not have a material adverse effect on our consolidated financial position. However, any such fines or penalties may be material to our consolidated statement of operations for a particular period.

***The impact of a negative performance of financial markets and demographic trends on our defined benefit pension liabilities and costs cannot be predicted and may be severe.***

We sponsor defined benefit pension plans in a number of countries and a significant number of our employees are covered by our defined benefit pension plans. As of September 30, 2012, we had recognized a net accrued benefit liability of \$202 million, representing the unfunded benefit obligations of our defined pension plans. The funding status and the liabilities and costs of maintaining such defined benefit pension plans may be impacted by financial market developments. For example, the accounting for such plans requires determining discount rates, expected rates of compensation and expected returns on plan assets, and any changes in these variables can have a significant impact on the projected benefit obligations and net periodic pension costs. Negative performance of the financial markets could also have a material impact on funding requirements and net periodic pension costs. Our defined benefit pension plans may also be subject to demographic trends. Accordingly, our costs to meet pension liabilities going forward may be significantly higher than they are today, which could have a material adverse impact on our financial condition.

***We are exposed to a number of different tax uncertainties, which could have an impact on tax results.***

We are required to pay taxes in multiple jurisdictions. We determine the taxation we are required to pay based on our interpretation of the applicable tax laws and regulations in the jurisdictions in which we operate. We may be subject to unfavorable changes in the respective tax laws and regulations to which we are subject. Tax controls, audits, change in controls and changes in tax laws or regulations or the interpretation given to them may expose us to negative tax consequences, including interest payments and potentially penalties. We have issued transfer-pricing directives in the areas of goods, services and financing, which we believe are in accordance with the Guidelines of the Organization of Economic Co-operation and Development. As transfer pricing has a cross border effect, the focus of local tax authorities on implemented transfer pricing procedures in a country may have an impact on results in another country and as such the impact of such arrangements on tax results may be uncertain.

In order to mitigate the transfer pricing uncertainties within our deployment, measures have been taken and a monitoring system has been put in place. On a regular basis, internal reviews are executed to test the correct implementation of the transfer pricing directives.

Uncertainties can also result from (i) disputes with local tax authorities about transfer pricing of internal deliveries of goods and services or related to financing, acquisitions and divestments, (ii) the use of tax credits and permanent establishments, and tax losses carried forward, or (iii) our tax position more generally. These uncertainties may have a significant impact on local tax results. We have various tax assets resulting from acquisitions. Tax assets can also result from the generation of tax losses in certain legal entities. Tax authorities may challenge the utilization of these tax assets. In addition, the value of the tax assets resulting from tax losses carried forward depends on having sufficient taxable profits in the future and therefore the value of such tax assets is uncertain.

***Certain natural disasters, such as flooding, large earthquakes, volcanic eruptions or nuclear or other disasters, or a combination thereof, may negatively impact our business. There is increasing concern that climate change is occurring and may cause a rising number of natural disasters.***

Environmental and other disasters, such as flooding, large earthquakes, volcanic eruptions or nuclear or other disasters, or a combination thereof may negatively impact our business. If flooding, a large earthquake, volcanic eruption or other natural disaster were to directly damage, destroy or disrupt our manufacturing facilities, it could disrupt our operations, delay new production and shipments of existing inventory or result in costly repairs, replacements or other costs, all of which would negatively impact our business. Even if our manufacturing facilities are not directly damaged, a large natural disaster may result in disruptions in distribution channels or supply chains and significant increases in the prices of raw materials used for our manufacturing process. For instance, the nuclear incident following the tsunami in Japan impacted the supply chains of our customers and suppliers. Furthermore, any disaster affecting our customers (or their respective customers) may significantly negatively impact the demand for our products and our revenues.

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The impact of any such natural disasters depends on the specific geographic circumstances but could be significant, as some of our factories are located in islands with known earthquake fault zones, including the Philippines, Singapore, Taiwan or Thailand. There is increasing concern that climate change is occurring that may cause a rising number of natural disasters with potentially dramatic effects on human activity. We cannot predict the economic impact, if any, of natural disasters or climate change.

*We are exposed to a variety of financial risks, including currency risk, interest rate risk, liquidity risk, commodity price risk, credit risk and other non-insured risks, which may have an adverse effect on our financial results.*

We are a global company and, as a direct consequence, movements in the financial markets may impact our financial results. We are exposed to a variety of financial risks, including currency fluctuations, interest rate risk, liquidity risk, commodity price risk and credit risk and other non-insured risks. We enter into diverse financial transactions with several counterparties to mitigate our currency risk. Derivative instruments are only used for hedging purposes. The rating of our debt by major rating agencies may further improve or deteriorate. As a result, our additional borrowing capacity and financing costs may be impacted.

We are also a purchaser of certain base metals, precious metals and energy used in the manufacturing process of our products. Credit risk represents the loss that would be recognized at the reporting date if counterparties failed to perform upon their agreed payment obligations. Credit risk is present within our trade receivables. Such exposure is reduced through ongoing credit evaluations of the financial conditions of our customers and by adjusting payment terms and credit limits when appropriate. We invest available cash and cash equivalents with various financial institutions and are in that respect exposed to credit risk with these counterparties. We actively manage concentration risk on a daily basis adhering to a treasury management policy. Cash is invested and financial transactions are concluded where possible with financial institutions with a strong credit rating. If we are unable to successfully manage these risks, they could have a material adverse effect on our business, financial condition and results of operations.

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**USE OF PROCEEDS**

We will not receive any proceeds from this sale of shares by the Selling Stockholders.

The Selling Stockholders will receive all of the net proceeds from the sale of 30,000,000 shares of our common stock in this offering. We will pay the expenses of this offering, other than underwriting discounts and commissions. The Selling Stockholders include entities affiliated with directors of our company and with members of our senior management. See Selling Stockholders.

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**Table of Contents****COMMON STOCK PRICE RANGE****Market Information**

Our shares of common stock have been listed on the NASDAQ Global Select Market under the symbol **NXPI** since our IPO on August 5, 2010. Prior to that date, there was no public market for our shares of common stock. The following table sets forth, for the periods indicated, the high and low sales prices of our shares of common stock as reported by the NASDAQ Global Select Market:

	<b>Market Prices</b>	
	<b>High</b>	<b>Low</b>
Fiscal year ended December 31, 2010 (from August 6, 2010)	\$ 20.93	\$ 10.68
Fiscal year ended December 31, 2011	\$ 34.18	\$ 13.68
Fiscal year ended December 31, 2012	\$ 26.97	\$ 16.01
First quarter of 2012	\$ 27.44	\$ 20.44
Second quarter of 2012	\$ 26.68	\$ 18.57
Third quarter of 2012	\$ 27.96	\$ 19.66
Fourth quarter of 2012	\$ 26.50	\$ 20.57
First quarter 2013 (through February 1, 2013)	\$ 31.28	\$ 26.48

On February 1, 2013, the closing price of our shares of common stock as reported on the NASDAQ Global Select Market, was \$30.76 per share.

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**DIVIDEND POLICY**

Our ability to pay dividends on the shares of our common stock is limited by the covenants of our Revolving Credit Agreement, the Term Loans and the Indentures and may be limited by the terms of any future debt or preferred securities. As a result, we currently expect to retain future earnings for use in the operation and expansion of our business and the repayment of our debt, and do not anticipate paying any cash dividends in the foreseeable future. Whether or not dividends will be paid in the future will depend on, among other things, our results of operations, financial condition, level of indebtedness, cash requirements, contractual restrictions and other factors that our board of directors and our stockholders may deem relevant. If, in the future, our board of directors decides not to allocate profits to our reserves (making such profits available to be distributed as dividends), any decision to pay dividends on the shares of our common stock will be at the discretion of our stockholders.

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**Table of Contents****CAPITALIZATION**

The following table sets forth our cash and cash equivalents and capitalization, as of September 30, 2012. Our cash and cash equivalents and capitalization is presented:

on an actual basis; and

on an as adjusted basis, after giving effect to (i) the repurchase of \$500 million aggregate principal amount of the 2018 Dollar Fixed Rate Secured Notes in the Tender Offer, (ii) our entry into and borrowing of \$500 million under the 2020 Term Loan, (iii) the redemption of \$202 million aggregate principal amount of Super Priority Notes, (iv) the private offering to institutional investors of \$500 million aggregate principal amount of 5.75% senior notes due 2021 which priced on January 31, 2013 and is expected to close on February 14, 2013 and (v) the repayment with the proceeds of such private offering of \$493,750,000 principal amount of borrowings under our Second 2017 Term Loan.

You should read this table together with the section of this prospectus entitled "Use of Proceeds," with the section "Operating and Financial Review and Prospects" in NXP Semiconductor N.V.'s 2011 Annual Report, with the section "Management's Discussion and Analysis of Financial Condition and Results of Operations" in NXP Semiconductors N.V.'s Interim Report on Form 6-K for the period ended September 30, 2012, furnished to the SEC on November 1, 2012 and with the consolidated financial statement and accompanying notes incorporated by reference into this prospectus.

	Actual	As adjusted <sup>(1)</sup>
	As of September 30, 2012	
	(\$ in millions)	
Cash and cash equivalents	702	610
Total short-term debt	244	56
Total long-term debt	3,338	2,953
Senior Notes due 2021 <sup>(2)</sup>		500
Total debt <sup>(3)</sup>	3,582	3,509
Total stockholders' equity	1,187	1,168
Total capitalization	4,769	4,677

(1) After giving effect to (i) our repurchase of \$500 million aggregate principal amount of the 2018 Dollar Fixed Rate Secured Notes in the Tender Offer, (ii) our entry into and borrowing of \$500 million under the 2020 Term Loan, (iii) our redemption of \$202 million aggregate principal amount of Super Priority Notes, (iv) the private offering to institutional investors of \$500 million aggregate principal amount of 5.75% senior notes due 2021 which priced on January 31, 2013 and is expected to close on February 14, 2013 and (v) the repayment with the proceeds of such private offering of \$493,750,000 principal amount of borrowings under our Second 2017 Term Loan.

(2) On January 31, 2013 our wholly-owned subsidiaries NXP B.V. and NXP Funding LLC priced their private offering to institutional investors of \$500 million aggregate principal amount of 5.75% senior notes due 2021 which is expected to close on February 14, 2013.

(3) As of September 30, 2012, our net debt was \$2,880 million on an actual basis, and would have been \$2,899 million on an as adjusted basis, after giving effect to the adjustments described above.



**Table of Contents****SELLING STOCKHOLDERS**

The following table shows the amount and percentage of our common stock beneficially owned as of December 31, 2012 (unless otherwise noted), by (i) each person who is known by us to own beneficially more than 5% of our common stock, (ii) each member of our board of directors, (iii) each director nominee, (iv) each of the named executive officers, (v) certain former members of management, (vi) all members of the board, and director nominees as a group and (vii) each of the Selling Stockholders. A person is a beneficial owner of a security if that person has or shares voting or investment power over the security or if he has the right to acquire beneficial ownership within 60 days. Unless otherwise noted, these persons may be contacted at our executive offices and, to our knowledge, have sole voting and investment power over the shares listed. Percentage computations are based on 251,751,500 shares of our common stock outstanding as of December 31, 2012 and 251,751,500 shares of our common stock expected to be outstanding following the consummation of this offering, including the 30,000,000 shares of our common stock offered by the Selling Stockholders hereby. As shown in the table below, funds advised by KKR, Bain and Silver Lake are considered U.S. beneficial holders and collectively beneficially owned 34.98% of our shares of common stock prior to the consummation of this offering.

Name of Beneficial Owner	Common Stock Beneficially Owned			
	Prior to this Offering		After this Offering	
	Number	%	Number	%
<b>5% Stockholders:</b>				
Funds advised by KKR <sup>(1)(5)</sup>	40,028,656	15.90	32,197,150	12.79
Funds advised by Bain <sup>(2)(5)</sup>	32,021,770	12.72	25,756,791	10.23
Funds advised by Silver Lake <sup>(3)(5)</sup>	16,012,220	6.36	12,879,469	5.12
Funds advised by Apax <sup>(4)(5)</sup>	18,010,831	7.15	14,487,057	5.75
NXP Co-Investment Partners L.P. <sup>(5)</sup>	18,684,787	7.42	15,029,155	5.97
PPTL Investment LP <sup>(6)</sup>	20,574,433	8.17	16,549,097	6.57
Directors and Named Executive Officers:				
Richard L. Clemmer	921,866	0.37	1,358,051	0.54
Sir Peter Bonfield	20,361	*	28,839	0.01
Johannes P. Huth	79,999	0.03	79,999	0.03
Vikram Bhatia	3,333	*	3,333	*
Nicolas Cattelain	9,999	*	9,999	*
Egon Durban <sup>(7)</sup>	16,032,719	6.37	12,899,968	5.12
Kenneth A. Goldman	14,999	0.01	14,999	0.01
Josef Kaeser	9,999	*	9,999	*
Ian Loring <sup>(8)</sup>	32,031,769	12.72	25,766,790	10.24
Michel Plantevin	9,999	*	9,999	*
Roy Mackenzie				
All directors and executive officers as a group <sup>(9)</sup>	49,135,043	19.52	40,338,492	16.02
Other Selling Stockholders:				
Funds advised by AlInvest <sup>(10)</sup>	8,004,306	3.18	6,438,284	2.56

\* less than 0.01%

- (1) KKR's affiliates and certain funds advised by KKR, through various KKR-affiliated entities, hold shares of our common stock through a newly organized Luxembourg holding company. The following KKR-affiliated entities (the "KKR Entities") have an indirect interest in 40,028,656 shares of our common stock through their ownership of such newly organized Luxembourg holding company: KKR NXP (2006) Limited (3,121,680 shares); KKR NXP (European II) Limited (20,010,767 shares); KKR NXP (Millennium) Limited (16,896,200 shares); and KKR Associates Europe II Limited Partnership (9 shares). As the designated members of KKR Management LLC (which may be deemed to indirectly control one or more general partners, stockholders or members of the entities that own or control the KKR Entities), Henry R. Kravis and George R. Roberts may be deemed to beneficially own the shares of our common stock indirectly held by the KKR Entities, but disclaim beneficial ownership of such shares. In addition, as the voting partner of certain affiliates of the KKR Entities, KKR SP Limited may be deemed to beneficially own the shares of our common stock indirectly held by the KKR Entities, but disclaims beneficial ownership of such shares. The principal business address of each of the entities and persons identified in this footnote except Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 9 West 57th Street, New York, NY 10019, U.S.A. The principal business

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office for Mr. Roberts is c/o Kohlberg Kravis Roberts & Co. L.P., 2800 Sand Hill Road, Suite 200, Menlo Park, CA 94025, U.S.A.

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- (2) Bain Pumbaa LuxCo S.à.r.l. owns 32,021,770 shares of our common stock. As a shareholder of Bain Pumbaa LuxCo S.à.r.l., Bain Capital Lion Holdings, L.P. ( Lion Holdings ) has voting and dispositive power over 32,021,770 shares of our common stock held by Bain Pumbaa LuxCo S.à.r.l. and may be deemed to beneficially own all shares of our common stock held by Bain Pumbaa LuxCo S.à.r.l. Bain Capital Investors, LLC ( BCI ) is the managing general partner of Lion Holdings. As a result, BCI may be deemed to beneficially own all of the shares of our common stock held by Lion Holdings, but disclaims beneficial ownership of such shares of our common stock. BCI is controlled by an investment committee composed of 22 members, Andrew Balson, Steven Barnes, Joshua Bekenstein, Louis Bremer, John Connaughton, Todd Cook, Paul Edgerley, Christopher Gordon, Blair Hendrix, Jordan Hitch, David Humphrey, John Kilgallon, Lewis Klessel, Matthew Levin, Ian Loring, Philip Loughlin, Seth Meisel, Mark Nunnally, Stephen Pagliuca, Ian Reynolds, Mark Verdi and Stephen Zide. Each such investment committee member, disclaims beneficial ownership of shares indirectly held by Lion Holdings. In addition, the Bain-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. The address of BCI and of Lion Holdings is John Hancock Tower, 200 Clarendon Street, Boston, MA 02116, U.S.A.
- (3) SL II NXP S.à.r.l. owns 16,012,220 shares of our common stock. SLP II Cayman NXP, Ltd. owns 99.57% of the outstanding shares of our common stock held by SL II NXP S.à.r.l. and may be deemed to beneficially own all shares of our common stock held by SL II NXP S.à.r.l. Silver Lake Partners II Cayman, L.P. is the sole shareholder of SLP II Cayman NXP, Ltd. Silver Lake Technology Associates II Cayman, L.P. is the general partner of Silver Lake Partners II Cayman, L.P. Silver Lake (Offshore) AIV GP II, Ltd. is the general partner of Silver Lake Technology Associates II Cayman, L.P. Because of the foregoing relationships, each of SLP II Cayman NXP, Ltd., Silver Lake Partners II Cayman, L.P., Silver Lake Technology Associates II Cayman, L.P. and Silver Lake (Offshore) AIV GP II, Ltd. (together, the Silver Lake Funds ) may be deemed to beneficially own all of the shares of our common stock held by SL II NXP S.à.r.l. Messrs. James A. Davidson, Glenn H. Hutchins, David J. Roux, Alan K. Austin, Michael J. Bingle, Gregory Keith Mondre, Charles Giancarlo, Andrew Wagner and Kenneth Y. Hao and Meses. Karen King and Yolande A. Jun serve as directors of Silver Lake (Offshore) AIV GP II, Ltd. They disclaim beneficial ownership of the ordinary shares indirectly owned by the Silver Lake Funds. In addition, the Silver Lake-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. Silver Lake's address is c/o 2775 Sand Hill Road, Suite 100 Menlo Park, CA 94025, U.S.A.
- (4) Meridian Holding S.à.r.l. owns 18,010,831 shares of our common stock. Apax NXP VI A L.P. is an English limited partnership and owns 66.59% of the outstanding shares of Meridian Holding S.à.r.l. Apax NXP (UK) VI A1 GP Co. Ltd, an English private limited company, is the general partner of Apax NXP VI A L.P. Apax WW Nominees Ltd, an English company, holds, directly or indirectly, 100% of the interests in Apax NXP (UK) VI A1 GP Co. Ltd as nominee for Apax Partners Europe Managers Ltd, the custodian of Apax Europe VI-A, L.P., an English limited partnership. Apax Europe VI GP L.P. Inc., a Guernsey limited partnership, is the general partner of Apax Europe VI-A, L.P. Apax Europe VI GP Co. Limited, a Guernsey company, is the general partner of Apax Europe VI GP L.P. Inc. Apax Partners Europe Managers Ltd, an English company, holds 100% of the interests in Apax WW Nominees Ltd. Apax Partners Europe Managers Ltd has also been appointed by Apax Europe VI GP L.P. Inc. (acting by Apax Europe VI GP Co. Limited, its general partner) as discretionary investment manager of the investments of Apax Europe VI-A, L.P. Apax Partners Europe Managers Ltd, Apax Europe VI GP Co. Limited and Apax Europe VI GP L.P. Inc. are responsible for the investments and general administration of Apax Europe VI-A, L.P. Because of the foregoing relationships, each of Apax NXP VI A L.P., Apax NXP (UK) VI A1 GP Co. Ltd, Apax Europe VI-A, L.P., Apax Europe VI GP L.P. Inc., Apax Europe VI GP Co. Limited and Apax Partners Europe Managers Ltd may be deemed to beneficially own all of the shares of our common stock held by Meridian Holding S.à.r.l. As directors and shareholders of Apax Partners Europe Managers Ltd., Martin Halusa, Nico Hansen, Michael Phillips and Ian Jones may be deemed to beneficially own the shares of our common stock indirectly held by Apax Europe VI, but disclaim ownership of such shares. In addition, the Apax-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. The address of Apax Partners LLP and Apax Partners Europe Managers Ltd. is 33 Jermyn Street, London SW1Y 6DN, England, and the address of Apax Partners L.P. is 601 Lexington Avenue, 53rd Floor, New York, NY 10022, U.S.A.

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- (5) As the general partner of NXP Co-Investment Partners L.P., NXP Co-Investment GP Ltd. beneficially owns the shares held indirectly by NXP Co-Investment Partners L.P. Funds and entities advised by KKR, Bain, Silver Lake and Apax own NXP Co-Investment GP Ltd., but none of them own a majority, and none may be deemed to beneficially own them.
- (6) The number of shares owned by PPTL Investment LP stated in the table is as of January 29, 2013. PPTL Investment LP and the individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. PPTL Investment LP is a Scottish law limited partnership of which PPTL Investment Limited is the general partner and Philips Pension Trustees Limited (in its capacity as the trustee of the Philips Pension Fund) is the sole limited partner investor. The business address of PPTL Investment LP is 15 Atholl Crescent Edinburgh EH3 8HA, United Kingdom.
- (7) Mr. Durban is a director of our Company, as well as a director of SLP II Cayman NXP, Ltd. Amounts disclosed for Mr. Durban include shares beneficially owned by the funds advised by Silver Lake. Mr. Durban disclaims beneficial ownership of any shares owned directly or indirectly by funds advised by Silver Lake.
- (8) Mr. Loring is a director of our Company, as well as a member of the investment committee of Bain Capital Investors, LLC. Amounts disclosed for Mr. Loring include shares beneficially owned by the funds advised by Bain. Mr. Loring disclaims beneficial ownership of any shares owned directly or indirectly by funds advised by Bain.
- (9) Reflects shares that may be beneficially owned by our directors. However, each director disclaims beneficial ownership of such shares. In addition, as per December 31, 2012, our directors and executive officers beneficially owned as a group options or equity rights representing 8,852,272 shares of our common stock. If exercised, these shares would represent 3.5% of the shares of our common stock. At any time that the Private Equity Consortium reduces its shareholding in us or in the event that the Private Equity Consortium no longer holds in the aggregate at least 30% of our common stock, vested stock options granted under our Management Equity Stock Option Plan would become exercisable. The stock options, performance related stock units and restricted stock units granted under our Long Term Incentive Plan 2010 vest over a three or four year period, subject to certain conditions, and are exercisable immediately upon vesting.
- (10) AlpInvest Partners CSI 2006 Lion C.V. owns 7,938,871 shares in our common stock and AlpInvest Partners Later Stage II-A Lion C.V. owns 65,435 shares of our common stock. As the managing director of AlpInvest Partners Beheer 2006 B.V. (which manages AlpInvest Partners CSI 2006 Lion C.V. and AlpInvest Partners Later Stage II-A Lion C.V.), AlpInvest Partners B.V. may be deemed to hold voting and dispositive power with respect to the shares in our common stock beneficially owned by AlpInvest Partners CSI 2006 Lion C.V. and AlpInvest Partners Later Stage II-A Lion C.V., but disclaims beneficial ownership of such shares. As managing directors of AlpInvest Partners B.V. Volkert Doeksen and Johan Paul de Klerk may be deemed to beneficially own the shares of our common stock owned by AlpInvest Partners Later Stage II-A Lion C.V. and AlpInvest Partners CSI 2006 Lion C.V., but disclaim beneficial ownership of such shares. In addition, the AlpInvest-affiliated funds and individuals named above may be deemed by virtue of their rights under the shareholders' agreement with respect to the Company to share voting power with respect to the shares of our common stock held by the other parties to the shareholders' agreement, but disclaim beneficial ownership of such shares. AlpInvest's address is c/o AlpInvest Beheer, Jachthavenweg 118, 1081 KJ Amsterdam, the Netherlands.



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The majority of our expenses are incurred in euros, while most of our revenue is denominated in U.S. dollars. As used in this prospectus, euro , or means the single unified currency of the European Monetary Union. U.S. dollar , USD , U.S.\$ or \$ means the lawful currency of the United States of America.

The tables below set forth, for the periods indicated, the period average or the high and low Bloomberg Composite Rate (New York), as applicable, expressed as U.S. dollars per euro. As used in this prospectus, the Bloomberg Composite Rate is a best market calculation. At any point in time, the bid rate is equal to the highest bid rate of all contributing bank indications. The ask rate is set to the lowest ask rate offered by these banks. The Bloomberg Composite Rate is a mid-value rate between the applied highest bid rate and the lowest ask rate. The average rate for a year means the average of the closing Bloomberg Composite Rates on the last business day of each month during the relevant period. The average rate for a month, or for any shorter period, means the average of the closing Bloomberg Composite Rates on each business day during the relevant period. Neither we nor the underwriters make any representation that the euro or U.S. dollar amounts referred to in this prospectus supplement have been, could have been or could in the future be converted into U.S. dollars or euro, as the case may be, at any particular rate, if at all. We did not use the rates listed below in the preparation of our financial statements and other financial information appearing in this prospectus or any documents incorporated by reference herein.

The following table shows the average Bloomberg Composite Rate, expressed as U.S. dollars per euro, for each of the five full years in the period from January 1, 2008 through December 31, 2012 and for the period from January 1, 2013 through January 29, 2013:

<b>Year ended December 31,</b>	<b>Average (\$ per )</b>
2008	1.4712
2009	1.3949
2010	1.3266
2011	1.3926
2012	1.2860
2013 (through February 1, 2013)	1.3302

The following table shows the high and low Bloomberg Composite Rate for U.S. dollars per euro for each of the six full months in the six-month period ended December 31, 2012 and for the period from January 1, 2013 through February 1, 2013:

<b>Month</b>	<b>High (\$ per )</b>	<b>Low (\$ per )</b>
August	1.2579	1.2180
September	1.3129	1.2566
October	1.3118	1.2874
November	1.2986	1.2704
December	1.3244	1.2928
January	1.3486	1.3049
February (through February 1, 2013)	1.3650	1.3650

On February 1, 2013 the Bloomberg Composite Rate between the euro and the U.S. dollar was \$1.3650 per euro.

Fluctuations in the value of the euro relative to the U.S. dollar have had a significant effect on the translation into U.S. dollars of our euro-denominated assets, liabilities, revenue and expenses, and may continue to do so in the future. For further information on the impact of fluctuations in exchange rates on our operations, see Risk Factors Risks Related to Our Business Fluctuations in foreign exchange rates may have an adverse effect on our financial results and Operating and Financial Review and Prospects Quantitative and Qualitative Disclosures about Market Risk Foreign Currency Risks included in our 2011 Annual Report, which is incorporated by reference herein.

The foreign exchange rates used to translate euro-denominated balance sheet items to U.S. dollars in this prospectus supplement as of December 31, 2011 and as of September 30, 2012 were \$1.2938 and \$1.2941 per 1.00, respectively.

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**MATERIAL TAX CONSIDERATIONS**

**Summary of Dutch Tax Considerations**

The following summary describes the material Dutch tax consequences of the ownership and disposition of our shares of common stock as of the date hereof and is intended as general information only. This summary does not contain a detailed description of all the Dutch tax law consequences to you as a holder of shares of common stock in the Company in light of your particular circumstances and does not address the effects of any non-Dutch tax laws. For Dutch tax purposes, a holder of our shares may include an individual who or an entity that does not have the legal title of the shares, but to whom nevertheless the shares are attributed based either on such individual or entity holding a beneficial interest in the shares or based on specific statutory provisions, including statutory provisions pursuant to which 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 shares.

If you are considering the purchase, ownership or disposition of our shares, you should consult your own tax advisors concerning the Dutch tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.

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. For the purpose of this paragraph, Dutch taxes means taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. All references in this summary to the Netherlands and Dutch law are to the European part of the Kingdom of the Netherlands and its law, respectively, only. 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.

***Withholding Tax***

A stockholder is generally subject to Dutch dividend withholding tax at a rate of 15 percent on dividends distributed by us. Generally, we are responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the stockholder.

Dividends distributed by us include, but are not limited to:

- (i) distributions of profits in cash or in kind, including deemed and constructive distributions, whatever they be named or in whatever form;
- (ii) proceeds from the liquidation of the company, or proceeds from the repurchase of shares by the company, in excess of the average paid-in capital recognized for Dutch dividend withholding tax purposes;
- (iii) the par value of shares issued to a stockholder or an increase in the par value of shares, to the extent that no contribution, recognized for Dutch dividend withholding tax purposes, has been made or will be made; and
- (iv) 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 we have net profits (*zuivere winst*) within the meaning of the Dutch Dividend Withholding Tax Act 1965 (*Wet op de Dividendbelasting 1965*) and unless (a) the general meeting of stockholders has resolved in advance to make such repayment, and (b) the par value of the shares concerned has been reduced with an equal amount by way of an amendment to our articles of association. The term net profits includes anticipated profits that have yet to be realized.

Notwithstanding the above, no withholding is required in the event of a repurchase of shares, if certain conditions are fulfilled. Furthermore, subject to certain exceptions under Dutch domestic law, we may not be required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax withheld in respect of dividends distributed by us, if we have received a profit distribution from a qualifying foreign subsidiary (including a subsidiary resident on Aruba, Curacao, St. Maarten, Bonaire, St. Eustatius or Saba), which distribution is exempt from

Dutch corporate income tax and has been subject to a foreign withholding tax

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of at least 5 percent. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3 percent of the dividends distributed by us and (ii) 3 percent of the profit distributions (including taxes withheld) that we received from qualifying foreign subsidiaries in the calendar year in which we distribute the dividends (up to the moment of such dividend distribution) and in the two previous calendar years. Further limitations and conditions apply. We will, upon request, provide stockholders with information regarding the Dutch dividend withholding tax that was retained by us.

If a stockholder is resident in a country other than the Netherlands under the provisions of a treaty for the avoidance of double taxation between the Netherlands and such country, such stockholder may, depending on the terms of such treaty, be entitled to an exemption from, reduction in or refund of Dutch dividend withholding tax on dividends distributed by us.

If a stockholder is subject to Dutch corporate income tax and is entitled to the participation exemption in relation to the benefits derived from the shares held by it and such shares are attributable to an enterprise carried out in the Netherlands, such stockholder will generally be entitled to an exemption from Dutch dividend withholding tax on dividends distributed by us.

If a stockholder (i) is resident in another member state of the European Union or an appointed state of the European Economic Area, i.e. Iceland, Norway and Liechtenstein, according to the tax laws of that state and, under the terms of a double taxation agreement concluded by that state with a third state, is not considered to be resident for tax purposes outside the European Union, Iceland, Norway or Liechtenstein; and (ii) owns an interest in us to which the Dutch participation exemption would be applicable if the stockholder were resident in the Netherlands; such stockholder will generally be eligible for an exemption from Dutch dividend withholding tax on dividends distributed by us.

Furthermore, if a stockholder:

- (a) is an entity which is resident for Dutch tax purposes in a member state of the European Union, Iceland, Norway or Liechtenstein or which is a qualifying stockholder resident elsewhere;
- (b) is not subject to a tax levied by reference to its profits in its country of residence; and
- (c) would not have been subject to Dutch corporate income tax had the stockholder been resident in the Netherlands for Dutch tax purposes;

such stockholder will generally be eligible for a full refund of Dutch dividend withholding tax on dividends distributed by us, unless such stockholder carries out duties or activities similar to an exempt investment institution (*vrijgestelde beleggingsinstelling*) or fiscal investment institution (*fiscale beleggingsinstelling*), as meant respectively in article 6a and 28 of the Dutch corporate income tax act 1969 (*Wet op de vennootschapsbelasting 1969, CITA* ). For purposes of (a) above, a qualifying stockholder is an entity that (i) is resident for Dutch tax purposes in a jurisdiction which has an arrangement for the exchange of tax information with the Netherlands and (ii) holds its shares as a portfolio investment, i.e. such shares are not held with a view to the establishment or maintenance of lasting and direct economic links between the stockholder and the company and the shares do not allow the stockholder to participate effectively in the management or control of the company.

A stockholder who is considered to be resident in the United States and is entitled to the benefits of the convention between the United States and the Netherlands for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, dated December 18, 1992, as amended most recently by the Protocol signed March 8, 2004 (the Treaty ), will be entitled to an exemption from, or a reduction or refund of the Dutch withholding tax as follows:

if the U.S. stockholder is an exempt pension trust, as described in article 35 of the Treaty, or an exempt organization, as described in article 36 of the Treaty, the U.S. stockholder will be exempt from Dutch dividend tax;

if the U.S. stockholder is a company which holds directly at least 10 percent of the voting power in the company, the U.S. stockholder will be subject to Dutch tax at a rate not exceeding 5 percent;

if the U.S. stockholder is a company which holds directly at least 80 percent of the voting power in us and certain other conditions are met, the U.S. stockholder will be exempt from Dutch dividend withholding tax; and

in all other cases, the U.S. stockholder will be subject to Dutch dividend withholding tax at a rate not exceeding 15 percent.

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According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax and no exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividend paid by us is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

### *Taxes on Income and Capital Gains*

The description of taxation set out in this section of the prospectus supplement does not apply to any stockholder:

who is an individual for whom the income or capital gains derived from our shares of common stock are attributable to employment activities, the income from which is taxable in the Netherlands;

that is an entity that is not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as pension funds);

that is an exempt investment institution or fiscal investment institution as meant respectively in article 6a and 28 of the CITA; or

that is entitled to the participation exemption (*deelnemingsvrijstelling*) with respect to our shares (as defined in article 13 of the CITA).

A stockholder will not be subject to Dutch taxes on income or capital gains in respect of the ownership and disposal of our shares, other than Dutch dividend withholding tax as described above, except if:

- (i) the stockholder is, or is deemed to be, resident in the Netherlands for Dutch (corporate) income tax purposes;
- (ii) the stockholder is an individual and the stockholder has opted to be treated as resident in the Netherlands for purposes of Dutch income tax;
- (iii) the stockholder 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 stockholder, 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 shares are attributable;
- (iv) the stockholder is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) carried out in the Netherlands in respect of the shares, including, without limitation, activities which are beyond the scope of active portfolio investment activities;
- (v) the stockholder is an individual and has a substantial interest (*aanmerkelijk belang*) or a fictitious substantial interest (*fictief aanmerkelijk belang*) in the company, which is not attributable to the assets of an enterprise;
- (vi) the stockholder is not an individual and has a substantial interest or a fictitious substantial interest in the company, which (fictitious) substantial interest is not attributable to the assets of an enterprise and (one of) the main purposes of the chosen ownership structure is the evasion of Dutch income tax or dividend withholding tax;

(vii) the stockholder 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 and to which enterprise the shares are attributable; or

(viii) the stockholder is an individual and is entitled to a share in the profits of an enterprise, other than by way of the holding of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the shares are attributable.

Generally, a stockholder has a substantial interest if such stockholder, alone or together with its partner, directly or indirectly (a) owns, or holds certain rights on, shares representing five percent 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; (b) holds rights to, directly or indirectly, acquire shares, whether or not already issued, representing five percent 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 (c) owns, or holds certain rights on, profit participating certificates that relate to five percent or more of the annual profit of the company or to five percent or more of the liquidation proceeds of the company. A stockholder will also have a substantial interest if its partner or one of certain relatives of the stockholder or of its partner has a substantial interest.

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Generally, a stockholder has a fictitious substantial interest in the company if, without having an actual substantial interest in the company (i) an enterprise has been contributed to the company in exchange for shares on an elective non-recognition basis; (ii) the shares have been obtained under inheritance law or matrimonial law, on a non-recognition basis, while the disposing stockholder had a substantial interest in the company; (iii) the shares have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the stockholder prior to this transaction had a substantial interest in an entity that was party thereto; or (iv) the shares held by the stockholder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognized upon dilution of the shareholding below the abovementioned substantial interest thresholds.

### ***Gift Tax and Inheritance Tax***

No Dutch gift or inheritance tax is due in respect of any gift of the shares by, or inheritance of the shares on the death of, a stockholder, except if:

- (i) at the time of the gift or death of the stockholder, the stockholder is resident, or is deemed to be resident, in the Netherlands;
- (ii) the stockholder passes away within 180 days after the date of the gift of the 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 its death, resident in the Netherlands; or
- (iii) the gift of the shares is made under a condition precedent and the stockholder 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 its death. For purposes of Dutch gift tax, any individual, irrespective of its 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 value added 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 stockholder by reason only of the purchase, ownership and disposal of the shares.

### ***Residency***

Other than as set forth above, a stockholder will not become resident, or deemed resident, in the Netherlands for tax purposes, nor will a stockholder otherwise become subject to taxation in the Netherlands, by reason only of holding the shares.

### **United States Federal Income Tax Considerations**

The following summary describes the material United States federal income tax consequences of the ownership and disposition of our shares as of the date hereof. The discussion set forth below is applicable only to United States Holders (as defined below) (i) who are residents of the United States for purposes of the Treaty, (ii) whose shares do not, for purposes of the Treaty, form part of the business property of a permanent establishment, or pertain to a fixed base, in the Netherlands and (iii) who otherwise qualify for the full benefits of the Treaty. Except where noted, this summary deals only with shares held as capital assets. As used herein, the term **United States Holder** means a beneficial owner of a share that is for United States federal income tax purposes:

an individual citizen or resident of the United States;

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a corporation (or other entity treated as a corporation for United States federal income tax purposes) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;

an estate the income of which is subject to United States federal income taxation regardless of its source; or

a trust if it (1) is subject to the primary supervision of a court within the United States and one or more United States persons have the authority to control all substantial decisions of the trust or (2) has a valid election in effect under applicable United States Treasury regulations to be treated as a United States person.

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This summary does not represent a detailed description of the United States federal income tax consequences applicable to you if you are subject to special treatment under the United States federal income tax laws, including if you are:

a dealer in securities or currencies;

a financial institution;

a regulated investment company;

a real estate investment trust;

an insurance company;

a tax-exempt organization;

a person holding our shares as part of a hedging, integrated or conversion transaction, a constructive sale or a straddle;

a trader in securities that has elected the mark-to-market method of accounting for your securities;

a person liable for alternative minimum tax;

a person who owns or is deemed to own 10% or more of our voting stock;

a person holding our shares in connection with a trade or business conducted outside of the United States;

a partnership or other pass-through entity for United States federal income tax purposes; or

a person whose functional currency is not the United States dollar.

The discussion below is based upon the provisions of the United States Internal Revenue Code of 1986, as amended (the Code), and regulations, rulings and judicial decisions thereunder as of the date hereof, and such authorities may be replaced, revoked or modified so as to result in United States federal income tax consequences different from those discussed below.

If a partnership holds our shares, the tax treatment of a partner will generally depend upon the status of the partner and the activities of the partnership. If you are a partner of a partnership holding our shares, you should consult your tax advisors.

This discussion assumes that we are not, and will not become, a passive foreign investment company, as described below.

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This discussion does not contain a detailed description of all the United States federal income tax consequences to you in light of your particular circumstances and does not address the effects of any state, local or non-United States tax laws. **If you are considering the purchase, ownership or disposition of our shares, you should consult your own tax advisors concerning the United States federal income tax consequences to you in light of your particular situation as well as any consequences arising under the laws of any other taxing jurisdiction.**

### *Taxation of Dividends*

The gross amount of distributions on the shares (including any amounts withheld to reflect Dutch withholding taxes to the extent such amounts are actually transferred to the Dutch tax authorities, as described in *Material Tax Considerations Summary of Dutch Tax Considerations Withholding Tax* ) will be taxable as dividends to the extent paid out of our current or accumulated earnings and profits, as determined under United States federal income tax principles. Such income (including withheld taxes paid over to the Dutch tax authorities) will be includable in your gross income as ordinary income on the day actually received by you or on the day received by your nominee or agent that holds the shares on your behalf. Such dividends will not be eligible for the dividends received deduction allowed to corporations under the Code.

With respect to certain non-corporate United States investors, dividends received from a qualified foreign corporation may be subject to reduced rates of taxation. A qualified foreign corporation includes a foreign corporation that is eligible for the benefits of a comprehensive income tax treaty with the United States which the United States Treasury Department determines to be satisfactory for these purposes and which includes an exchange of information provision. The United States Treasury Department has determined that the Treaty meets these requirements. We believe we are currently eligible for the benefits of the Treaty. A foreign corporation is also treated as a qualified foreign corporation with respect to dividends paid by that corporation on shares that are readily tradable on an established securities market in the United States. United States Treasury Department

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guidance indicates that our shares, which are listed on the NASDAQ Global Select Market, are considered readily tradable on an established securities market in the United States. There can be no assurance that our shares will be considered readily tradable on an established securities market in later years. Non-corporate holders that do not meet a minimum holding period requirement during which they are not protected from a risk of loss or that elect to treat the dividend income as investment income pursuant to Section 163(d)(4) of the Code will not be eligible for the reduced rates of taxation regardless of our status as a qualified foreign corporation. For this purpose, the minimum holding period requirement will not be met if a share has been held by a holder for 60 days or less during the 121-day period beginning on the date which is 60 days before the date on which such share becomes ex-dividend with respect to such dividend, appropriately reduced by any period in which such holder is protected from risk of loss. In addition, the rate reduction will not apply to dividends if the recipient of a dividend is obligated to make related payments with respect to positions in substantially similar or related property. This disallowance applies even if the minimum holding period has been met. You should consult your own tax advisors regarding the application of this legislation to your particular circumstances.

The maximum rate of withholding tax on dividends paid to you pursuant to the Treaty generally is 15 percent. You may be required to properly demonstrate to the company and the Dutch tax authorities your entitlement to any reduced rate of withholding under the Treaty. Subject to certain conditions and limitations, Dutch taxes on dividends withheld at a rate not in excess of the applicable Treaty rate may be treated as foreign taxes eligible for credit against your United States federal income tax liability. However, amounts withheld to reflect Dutch withholding taxes will not be creditable to the extent that we are allowed to reduce the amount of the withholding tax that is actually transferred to the Dutch tax authorities, as described in *Material Tax Considerations Summary of Dutch Tax Considerations Withholding Tax*. For purposes of calculating the foreign tax credit, dividends paid on the shares will be treated as income from sources outside the United States and will generally constitute passive category income. Further, in certain circumstances, if you:

have held shares for less than a specified minimum period during which you are not protected from risk of loss, or

are obligated to make payments related to the dividends,

you will not be allowed a foreign tax credit for foreign taxes imposed on dividends paid on the shares. The rules governing the foreign tax credit are complex. You are urged to consult your tax advisors regarding the availability of the foreign tax credit under your particular circumstances.

To the extent that the amount of any distribution exceeds our current and accumulated earnings and profits for a taxable year, as determined under United States federal income tax principles, the distribution will first be treated as a tax-free return of capital, causing a reduction in the adjusted basis of the shares, and to the extent the amount of the distribution exceeds your tax basis, the excess will be taxed as capital gain recognized on a sale or exchange. However, we do not expect to determine earnings and profits in accordance with United States federal income tax principles. Therefore, you should expect that a distribution will generally be treated as a dividend (as discussed above).

***Passive Foreign Investment Company***

Based on the projected composition of our income and assets and valuation of our assets, including goodwill, we do not believe that we are, for United States federal income tax purposes, a passive foreign investment company (a PFIC), and we do not expect to become a PFIC. If, however, we are or become a PFIC, you could be subject to additional United States federal income taxes on gain recognized with respect to the shares and on certain distributions, plus an interest charge on certain taxes treated as having been deferred under the PFIC rules. Non-corporate United States Holders will not be eligible for reduced rates of taxation on any dividends received from us if we are a PFIC in the taxable year in which such dividends are paid or in the preceding taxable year.

***Taxation of Capital Gains***

For United States federal income tax purposes, you will recognize taxable gain or loss on any sale or exchange of a share in an amount equal to the difference between the amount realized for the share and your tax basis in the share. Such gain or loss will generally be capital gain or loss. Capital gains of individuals derived with respect to capital assets held for more than one year are eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Any gain or loss recognized by you will generally be treated as United States source gain or loss.

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***Information Reporting and Backup Withholding***

In general, information reporting will apply to dividends in respect of our shares and the proceeds from the sale, exchange or redemption of our shares that are paid to you within the United States (and in certain cases, outside the United States), unless you are an exempt recipient. Backup withholding may apply to such payments if you fail to provide a taxpayer identification number or certification of other exempt status or if you have been notified by the Internal Revenue Service that you are subject to backup withholding because of your failure to report in full dividend and interest income.

Any amounts withheld under the backup withholding rules will be allowed as a refund or a credit against your United States federal income tax liability provided the required information is timely furnished to the Internal Revenue Service.

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**Table of Contents****UNDERWRITING**

Under the terms and subject to the conditions in an underwriting agreement dated the date of this prospectus supplement, the underwriters named below have severally agreed to purchase, and the Selling Stockholders have agreed to sell to them, severally, the number of shares of common stock indicated below:

	<b>Number of Shares of Common Stock</b>
<b>Underwriters</b>	
Barclays Capital Inc.	15,000,000
Credit Suisse Securities (USA) LLC	15,000,000
<b>Total:</b>	<b>30,000,000</b>

The underwriters are offering the shares of common stock subject to their acceptance of the shares from the Selling Stockholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the shares of common stock offered by this prospectus supplement are subject to the approval of certain legal matters by their counsel and to certain other conditions. The several underwriters are obligated to take and pay for all of the shares of common stock offered by this prospectus supplement if any such shares are taken. The offering of the shares of common stock by the underwriters is subject to receipt and acceptance and subject to the underwriters' right to reject any order in whole or in part.

The underwriters initially propose to offer part of throw; "> 1,038,330

**Series 2013, Ref. Continuing Care Retirement Community RB**

5.75% 01/01/37 1,000 1,012,790

**Tulsa (County of) Industrial Authority (Montereau, Inc.); Series 2010 A, Senior Living Community RB**

7.25% 11/01/45 1,000 1,098,460 3,680,006 **Pennsylvania 4.79%**

**Allegheny (County of) Industrial Development Authority (Propel Charter School-Montour); Series 2010 A, Charter School RB**

6.75% 08/15/35 950 1,044,724

**Allegheny (County of) Redevelopment Authority (Pittsburgh Mills); Series 2004, Tax Allocation RB**

5.60% 07/01/23 1,000 1,022,740

**Cumberland (County of) Municipal Authority (Asbury Pennsylvania Obligated Group); Series 2010, RB**

6.13% 01/01/45 965 1,021,028

**Harrisburg (City of) Authority (Harrisburg University of Science); Series 2007 B, University RB<sup>(i)</sup>**

6.00% 09/01/36 1,800 890,730

Lehigh (County of) General Purpose Authority (Bible Fellowship Church Homes, Inc.);  
Series 2013, RB

5.25% 07/01/42 1,000 1,004,070

Montgomery (County of) Industrial Development Authority (Philadelphia Presbytery Homes, Inc.); Series 2010, RB

6.63% 12/01/30 1,000 1,143,850

Pennsylvania (Commonwealth of); First Series 2014, Unlimited Tax GO Bonds<sup>(h)</sup>

5.00% 06/15/34 3,010 3,475,035

Pennsylvania (State of) Economic Development Financing Authority (USG Corp.); Series 1999, Solid Waste Disposal  
RB<sup>(g)</sup>

6.00% 06/01/31 1,000 1,001,670

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**12 Invesco Municipal Income Opportunities Trust**



	Interest Rate	Maturity Date	Principal Amount (000)	Value
<b>Pennsylvania (continued)</b>				
Pennsylvania (State of) Intergovernmental Cooperation Authority (City of Philadelphia Funding Program); Series 2009, Ref. Special Tax RB <sup>(h)</sup>	5.00%	06/15/21	\$ 3,001	\$ 3,479,960
Philadelphia (City of) Industrial Development Authority (First Philadelphia Preparatory Charter School); Series 2014 A, RB	7.25%	06/15/43	750	819,743
Philadelphia (City of) Industrial Development Authority (Performing Arts Charter School); Series 2013, RB <sup>(d)</sup>	6.75%	06/15/43	1,000	1,023,020
Washington (County of) Redevelopment Authority (Victory Centre Tanger Outlet Development); Series 2006 A, Tax Allocation RB	5.45%	07/01/35	930	948,256
				16,874,826
<b>Puerto Rico 1.03%</b>				
Children s Trust; Series 2005-A, Tobacco Settlement Asset-Backed CAB RB <sup>(i)</sup>	0.00%	05/15/50	15,000	1,016,250
Puerto Rico Sales Tax Financing Corp.; Series 2007 A, CAB RB <sup>(i)</sup>	0.00%	08/01/56	7,000	463,890
Series 2011 C, RB	5.25%	08/01/40	2,500	2,136,425
				3,616,565
<b>Rhode Island 0.24%</b>				
Tobacco Settlement Financing Corp.; Series 2002 A, Asset-Backed RB	6.25%	06/01/42	835	835,050
<b>South Carolina 1.47%</b>				
Myrtle Beach (City of) (Myrtle Beach Air Force Base); Series 2006 A, Tax Increment Allocation RB	5.25%	10/01/26	835	834,516
Series 2006 A, Tax Increment Allocation RB	5.30%	10/01/35	2,000	1,997,380
South Carolina (State of) Jobs-Economic Development Authority (The Woodlands at Furman); Series 2012, Ref. RB	6.00%	11/15/42	1,087	841,072
Series 2012, Ref. Sub. CAB RB <sup>(i)</sup>	0.00%	11/15/47	466	18,597
South Carolina (State of) Jobs-Economic Development Authority (Wesley Commons); Series 2006, Ref. First Mortgage Health Facilities RB	5.30%	10/01/36	1,500	1,484,145
				5,175,710
<b>Tennessee 1.48%</b>				
Johnson City (City of) Health & Educational Facilities Board (Mountain States Health Alliance); Series 2006 A, First Mortgage Hospital RB	5.50%	07/01/31	2,000	2,088,720
Shelby (County of) Health, Educational & Housing Facilities Board (Trezevant Manor); Series 2006 A, RB	5.75%	09/01/37	1,000	1,009,210
Series 2013 A, Ref. RB	5.50%	09/01/47	1,000	1,011,730
Trenton (City of) Health & Educational Facilities Board (RHA/Trenton MR, Inc.); Series 2009, RB	9.25%	04/01/39	930	1,096,479

5,206,139

<b>Texas 10.09%</b>				
Alliance Airport Authority, Inc. (Federal Express Corp.); Series 2006, Ref. Special Facilities RB <sup>(g)</sup>	4.85%	04/01/21	1,200	1,247,556
Arlington Higher Education Finance Corp. (Universal Academy); Series 2014 A, Education RB	7.13%	03/01/44	800	838,016
Austin Convention Enterprises, Inc.; Series 2006 B, Ref. Second Tier Convention Center RB <sup>(d)</sup>	5.75%	01/01/34	1,100	1,115,730
Capital Area Cultural Education Facilities Finance Corp. (The Roman Catholic Diocese of Austin); Series 2005 B, RB	6.13%	04/01/45	1,000	1,156,190
Central Texas Regional Mobility Authority; Series 2011, Sub. Lien RB	6.75%	01/01/41	1,000	1,175,500
Clifton Higher Education Finance Corp. (Uplift Education); Series 2010 A, Education RB	6.25%	12/01/45	1,000	1,138,250
HFDC of Central Texas, Inc. (Sears Tyler Methodist); Series 2009 A, RB	7.75%	11/15/44	1,000	367,480
HFDC of Central Texas, Inc.; Series 2006 A, Retirement Facilities RB	5.75%	11/01/36	1,000	1,013,950
Houston (City of) (Continental Airlines, Inc.); Series 2011 A, Ref. Airport System Special Facilities RB <sup>(g)</sup>	6.63%	07/15/38	1,000	1,125,070
Houston Higher Education Finance Corp. (Cosmos Foundation, Inc.); Series 2011 A, RB	6.88%	05/15/41	1,000	1,206,880
La Vernia Higher Education Finance Corp. (Amigos Por Vida Friends for Life); Series 2008, RB	6.25%	02/15/26	1,465	1,479,064
La Vernia Higher Education Finance Corp. (Knowledge is Power Program, Inc.); Series 2009 A, RB	6.25%	08/15/39	1,000	1,129,810
Lubbock Health Facilities Development Corp. (Carillon Senior LifeCare Community); Series 2005 A, Ref. First Mortgage RB	6.50%	07/01/26	2,500	2,593,750

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

### 13 Invesco Municipal Income Opportunities Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
<b>Texas (continued)</b>				
North Texas Tollway Authority;				
Series 2008 A, Ref. First Tier System RB (INS BHAC <sup>(g)(h)</sup> )	5.75%	01/01/48	\$ 2,999	\$ 3,400,446
Series 2011 B, Special Project System CAB RB <sup>(i)</sup>	0.00%	09/01/37	7,000	2,196,810
Red River Health Facilities Development Corp. (Parkview on Hollybrook); Series 2013 A, First Mortgage RB	7.38%	07/01/48	1,000	1,019,000
Red River Health Facilities Development Corp. (Sears Methodist Retirement System); Series 2013, Retirement Facility RB	6.15%	11/15/49	1,000	429,980
San Antonio Convention Hotel Finance Corp. (Empowerment Zone); Series 2005 A, Contract RB (INS AMBAC <sup>(g)(g)</sup> )	5.00%	07/15/39	1,000	1,003,560
Sanger Industrial Development Corp. (Texas Pellets); Series 2012 B, RB <sup>(g)</sup>	8.00%	07/01/38	1,000	1,092,210
Tarrant County Cultural Education Facilities Finance Corp. (Mirador);				
Series 2010 A, Retirement Facility RB	8.00%	11/15/29	485	472,870
Series 2010 A, Retirement Facility RB	8.13%	11/15/39	1,000	968,130
Tarrant County Cultural Education Facilities Finance Corp. (Stayton at Museum Way); Series 2009 A, Retirement Facility RB	8.25%	11/15/44	1,300	1,156,428
Texas (State of) Turnpike Authority (Central Texas Turnpike System); Series 2002, CAB RB (INS AMBAC <sup>(g)(i)</sup> )	0.00%	08/15/33	4,160	1,337,357
Texas Private Activity Bond Surface Transportation Corp. (LBJ Infrastructure); Series 2010, Sr. Lien RB	7.00%	06/30/40	1,000	1,206,100
Texas Private Activity Bond Surface Transportation Corp. (NTE Mobility Partners LLC North Tarrant Express Management Lanes); Series 2009, Sr. Lien RB	6.88%	12/31/39	1,000	1,184,400
Texas Private Activity Bond Surface Transportation Corp. (NTE Mobility Partners LLC); Series 2013, Sr. Lien RB <sup>(g)</sup>	6.75%	06/30/43	1,000	1,205,820
Texas State Public Finance Authority Charter School Finance Corp. (Odyssey Academy, Inc.); Series 2010 A, Education RB	7.13%	02/15/40	1,000	1,124,030
Travis County Health Facilities Development Corp. (Westminster Manor); Series 2010, RB	7.00%	11/01/30	1,000	1,142,890
Tyler Health Facilities Development Corp. (Mother Frances Hospital Regional Health Care Center); Series 2007, Ref. Hospital RB	5.00%	07/01/33	1,000	1,027,610
				35,554,887
<b>Utah 0.31%</b>				
Utah (State of) Charter School Finance Authority (North Davis Preparatory Academy); Series 2010, Charter School RB	6.38%	07/15/40	1,000	1,080,560
<b>Virginia 0.07%</b>				

Peninsula Town Center Community Development Authority; Series 2007, Special Obligation RB	6.45%	09/01/37	226	244,672
<b>Washington 2.30%</b>				
King (County of) Public Hospital District No. 4 (Snoqualmie Valley Hospital);				
Series 2009, Ref. & Improvement Limited Tax GO Bonds	7.25%	12/01/38	1,000	1,003,700
Series 2011, Ref. & Improvement Limited Tax GO Bonds	7.00%	12/01/40	1,000	1,075,640
King (County of); Series 2011 B, Ref. Sewer RB <sup>(h)</sup>	5.00%	01/01/34	2,999	3,404,645
Washington (State of) Health Care Facilities Authority (Central Washington Health Services Association); Series 2009, RB	7.00%	07/01/39	1,000	1,134,960
Washington (State of) Health Care Facilities Authority (Seattle Cancer Care Alliance); Series 2009, RB	7.38%	03/01/38	1,200	1,471,092 8,090,037
<b>West Virginia 0.61%</b>				
Kanawha (County of) (The West Virginia State University Foundation); Series 2013, Student Housing RB	6.75%	07/01/45	1,000	1,106,020
West Virginia (State of) Hospital Finance Authority (Thomas Health System); Series 2008, RB	6.50%	10/01/38	1,000	1,033,530 2,139,550
<b>Wisconsin 1.91%</b>				
Wisconsin (State of) Health & Educational Facilities Authority (Prohealth Care, Inc. Obligated Group); Series 2009, RB	6.38%	02/15/29	1,500	1,750,455
Wisconsin (State of) Health & Educational Facilities Authority (St. John's Community, Inc.); Series 2009 A, RB	7.63%	09/15/39	1,000	1,178,580
Wisconsin (State of) Health & Educational Facilities Authority (Wisconsin Illinois Senior Housing, Inc.); Series 2012, RB	5.88%	08/01/42	1,000	1,009,610
Series 2013, RB	7.00%	08/01/43	1,025	1,097,488

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

## 14 Invesco Municipal Income Opportunities Trust

	Interest Rate	Maturity Date	Principal Amount (000)	Value
<b>Wisconsin (continued)</b>				
Wisconsin (State of) Public Finance Authority (Glenridge Palmer Ranch); Series 2011 A, Continuing Care Retirement Community RB	8.25%	06/01/46	\$ 1,000	\$ 1,168,330
Wisconsin (State of) Public Finance Authority (Voyager Foundation Inc.); Series 2012 A, Charter School RB	6.20%	10/01/42	500	521,910
				6,726,373
<b>TOTAL INVESTMENTS<sup>(m)</sup></b>	<b>110.92%</b>	<b>(Cost \$367,347,057)</b>		<b>390,771,912</b>
<b>FLOATING RATE NOTE OBLIGATIONS (12.93%)</b>				
Notes with interest and fee rates ranging from 0.57% to 0.68% at 08/31/14 and contractual maturities of collateral ranging from 06/15/21 to 10/01/52 (See Note 1J) <sup>(n)</sup>				(45,560,000)
<b>OTHER ASSETS LESS LIABILITIES</b>	<b>2.01%</b>			<b>7,074,718</b>
<b>NET ASSETS</b>	<b>100.00%</b>			<b>\$ 352,286,630</b>

Investment Abbreviations:

ACA	ACA Financial Guaranty Corp.
AGM	Assured Guaranty Municipal Corp.
AMBAC	American Municipal Bond Assurance Corp.
BHAC	Berkshire Hathaway Assurance Corp.
CAB	Capital Appreciation Bonds
Conv.	Convertible
COP	Certificates of Participation
GO	General Obligation
IDR	Industrial Development Revenue Bonds
INS	Insurer
Jr.	Junior
LOC	Letter of Credit
MFH	Multi-Family Housing
PCR	Pollution Control Revenue Bonds
PILOT	Payment-in-Lieu-of-Tax
RAC	Revenue Anticipation Certificates
RB	Revenue Bonds
Ref.	Refunding
RN	Revenue Notes
Sec.	Secured
SGI	Syncora Guarantee, Inc.
Sr.	Senior
Sub.	Subordinated
VRD	Variable Rate Demand
Wts.	Warrants

Notes to Schedule of Investments:

- (a) Calculated as a percentage of net assets. Amounts in excess of 100% are due to the Trust's use of leverage.
- (b) Convertible CAB. The interest rate shown represents the coupon rate at which the bond will accrue at a specified future date.
- (c) Principal and/or interest payments are secured by the bond insurance company listed.
- (d) Security purchased or received in a transaction exempt from registration under the Securities Act of 1933, as amended (the "1933 Act"). The security may be resold pursuant to an exemption from registration under the 1933 Act, typically to qualified institutional buyers. The aggregate value of these securities at August 31, 2014 was \$10,512,218, which represented 2.98% of the Trust's Net Assets.
- (e) Security has an irrevocable call by the issuer or mandatory put by the holder. Maturity date reflects such call or put.
- (f) Advance refunded; secured by an escrow fund of U.S. Government obligations or other highly rated collateral.
- (g) Security subject to the alternative minimum tax.
- (h) Underlying security related to Dealer Trusts entered into by the Trust. See Note 1J.
- (i) Zero coupon bond issued at a discount.
- (j) Defaulted security. Currently, the issuer is partially or fully in default with respect to interest payments. The aggregate value of these securities at August 31, 2014 was \$4,312,980, which represented 1.22% of the Trust's Net Assets.
- (k) Principal and interest payments are fully enhanced by a letter of credit from the bank listed or a predecessor bank, branch or subsidiary.
- (l) Demand security payable upon demand by the Trust at specified time intervals no greater than thirteen months. Interest rate is redetermined periodically. Rate shown is the rate in effect on August 31, 2014.
- (m) Entities may either issue, guarantee, back or otherwise enhance the credit quality of a security. The entities are not primarily responsible for the issuer's obligation but may be called upon to satisfy issuers obligations. No concentration of any single entity was greater than 5%.
- (n) Floating rate note obligations related to securities held. The interest and fee rates shown reflect the rates in effect at August 31, 2014. At August 31, 2014, the Trust's investments with a value of \$79,766,518 are held by Dealer Trusts and serve as collateral for the \$45,560,000 in the floating rate note obligations outstanding at that date.

**Portfolio Composition**

*By credit sector, based on Total Investments*

*as of August 31, 2014*

Revenue Bonds	94.3%
General Obligation Bonds	5.1
Pre-Refunded Bonds	0.6

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Statement of Assets and Liabilities**

August 31, 2014

(Unaudited)

<b>Assets:</b>	
Investments, at value (Cost \$367,347,057)	\$ 390,771,912
Receivable for:	
Investments sold	3,159,117
Interest	5,535,321
Fund expenses absorbed	15,777
Investment for trustee deferred compensation and retirement plans	62,003
Other assets	13,967
<b>Total assets</b>	<b>399,558,097</b>
<b>Liabilities:</b>	
Floating rate note obligations	45,560,000
Payable for:	
Amount due custodian	1,367,146
Dividends	27,476
Accrued fees to affiliates	45
Accrued trustees and officers fees and benefits	3,371
Accrued other operating expenses	67,817
Trustee deferred compensation and retirement plans	245,612
<b>Total liabilities</b>	<b>47,271,467</b>
<b>Net assets applicable to shares outstanding</b>	<b>\$ 352,286,630</b>
<b>Net assets consist of:</b>	
Shares of beneficial interest	\$ 384,003,541
Undistributed net investment income	381,097
Undistributed net realized gain (loss)	(55,522,863)
Net unrealized appreciation	23,424,855
	<b>\$ 352,286,630</b>
<b>Shares outstanding, no par value, with an unlimited number of shares authorized:</b>	
Shares outstanding	47,425,494
Net asset value per share	\$ 7.43
Market value per share	\$ 6.92

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**Statement of Operations***For the six months ended August 31, 2014**(Unaudited)*

<b>Investment income:</b>	
Interest	\$ 10,792,428
<b>Expenses:</b>	
Advisory fees	1,058,402
Administrative services fees	39,863
Custodian fees	3,582
Interest, facilities and maintenance fees	127,912
Transfer agent fees	7,442
Trustees and officers fees and benefits	15,338
Other	126,523
Total expenses	1,379,062
Less: Fees waived	(88,788)
Net expenses	1,290,274
Net investment income	9,502,154
<b>Realized and unrealized gain from:</b>	
Net realized gain from investment securities	271,556
Change in net unrealized appreciation of investment securities	17,904,084
Net realized and unrealized gain	18,175,640
Net increase in net assets resulting from operations	\$ 27,677,794

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**17 Invesco Municipal Income Opportunities Trust**



**Statement of Changes in Net Assets**

*For the six months ended August 31, 2014 and the year ended February 28, 2014*

*(Unaudited)*

	<b>August 31,</b>	<b>February 28,</b>
	<b>2014</b>	<b>2014</b>
<b>Operations:</b>		
Net investment income	\$ 9,502,154	\$ 19,852,518
Net realized gain (loss)	271,556	(3,691,888)
Change in net unrealized appreciation (depreciation)	17,904,084	(20,145,485)
Net increase (decrease) in net assets resulting from operations	27,677,794	(3,984,855)
Distributions to shareholders from net investment income	(9,817,077)	(19,918,708)
Net increase in net assets	17,860,717	(23,903,563)
<b>Net assets:</b>		
Beginning of period	334,425,913	358,329,476
End of period (includes undistributed net investment income of \$381,097 and \$696,020, respectively)	\$ 352,286,630	\$ 334,425,913

See accompanying Notes to Financial Statements which are an integral part of the financial statements.

**18 Invesco Municipal Income Opportunities Trust**

**Statement of Cash Flows***For the six months ended August 31, 2014**(Unaudited)***Cash provided by (used in) by operating activities:**

Net increase in net assets resulting from operations	\$ 27,677,794
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**Adjustments to reconcile the change in net assets applicable from operations to net cash provided by operating activities**

Purchases of investments	(38,326,664)
Net Purchases of short-term investments	(500,000)
Proceeds from sales of investments	27,100,414
Amortization of premium	663,352
Accretion of discount	(865,763)
Decrease in interest receivables and other assets	80,485
Increase in accrued expenses and other payables	3,202
Net realized gain from investment securities	(271,556)
Net change in unrealized appreciation on investment securities	(17,904,084)
Net cash provided by (used in) operating activities	(2,342,820)

**Cash provided by (used in) by financing activities:**

Dividends paid to shareholders from net investment income	(9,817,622)
Increase in payable for amount due custodian	520,442
Net payments for floating rate note obligations	11,640,000
Net cash provided by financing activities	2,342,820

Net increase in cash and cash equivalents	
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Cash at beginning of period	
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Cash at end of period	\$
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**Supplemental disclosure of cash flow information:**

Cash paid during the period for interest, facilities and maintenance fees	\$ 127,912
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**Notes to Financial Statements***August 31, 2014**(Unaudited)***NOTE 1 Significant Accounting Policies**

Invesco Municipal Income Opportunities Trust (the Trust) is a Delaware statutory trust registered under the Investment Company Act of 1940, as amended (the 1940 Act), as a diversified, closed-end management investment company.

The Trust's investment objective is to seek to provide a high level of current income which is exempt from federal income tax.

The following is a summary of the significant accounting policies followed by the Trust in the preparation of its

financial statements.

**A. Security Valuations** Securities, including restricted securities, are valued according to the following policy. Securities are fair valued using an evaluated quote provided by an independent pricing service approved by the Board of Trustees. Evaluated quotes provided by the pricing service may be determined without exclusive reliance on quoted prices, and may reflect appropriate factors such as institution-size trading in similar groups of securities, developments related to specific securities, dividend rate (for unlisted equities), yield (for debt obligations), quality, type of issue, coupon rate (for debt obligations), maturity (for debt obligations), individual trading characteristics and other market data. Debt obligations are subject to interest rate and credit risks. In addition, all debt obligations involve some risk of default with respect to interest and/or principal payments.

Securities for which market quotations either are not readily available or became unreliable are valued at fair value as determined in good faith by or under the supervision of the Trust's officers following procedures approved by the Board of Trustees. Some of the factors which may be considered in determining fair value are fundamental analytical data relating to the investment; the nature and duration of any restrictions on transferability or disposition; trading in similar securities by the same issuer or comparable companies; relevant political, economic or issuer specific news; and other relevant factors under the circumstances.

The Trust may invest in securities that are subject to interest rate risk, meaning the risk that the prices will generally fall as interest rates rise and, conversely, the prices will generally rise as interest rates fall. Specific securities differ in their sensitivity to changes in interest rates depending on their individual characteristics. Changes in interest rates may result in increased market volatility, which may affect the value and/or liquidity of certain of the Trust's investments.

Valuations change in response to many factors including the historical and prospective earnings of the issuer, the value of the issuer's assets, general economic conditions, interest rates, investor perceptions and market liquidity. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

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**B. Securities Transactions and Investment Income** Securities transactions are accounted for on a trade date basis. Realized gains or losses on sales are computed on the basis of specific identification of the securities sold. Interest income (net of withholding tax, if any) is recorded on the accrual basis from settlement date. Dividend income (net of withholding tax, if any) is recorded on the ex-dividend date. Bond premiums and discounts are amortized and/or accreted for financial reporting purposes.

The Trust may periodically participate in litigation related to Trust investments. As such, the Trust may receive proceeds from litigation settlements. Any proceeds received are included in the Statement of Operations as realized gain (loss) for investments no longer held and as unrealized gain (loss) for investments still held.

Brokerage commissions and mark ups are considered transaction costs and are recorded as an increase to the cost basis of securities purchased and/or a reduction of proceeds on a sale of securities. Such transaction costs are included in the determination of net realized and unrealized gain (loss) from investment securities reported in the Statement of Operations and the Statement of Changes in Net Assets and the net realized and unrealized gains (losses) on securities per share in the Financial Highlights. Transaction costs are included in the calculation of the Trust's net asset value and, accordingly, they reduce the Trust's total returns. These transaction costs are not considered operating expenses and are not reflected in net investment income reported in the Statement of Operations and Statement of Changes in Net Assets, or the net investment income per share and ratios of expenses and net investment income reported in the Financial Highlights, nor are they limited by any expense limitation arrangements between the Trust and the investment adviser.

**C. Country Determination** For the purposes of making investment selection decisions and presentation in the Schedule of Investments, the investment adviser may determine the country in which an issuer is located and/or credit risk exposure based on various factors. These factors include the laws of the country under which the issuer is organized, where the issuer maintains a principal office, the country in which the issuer derives 50% or more of its total revenues and the country that has the primary market for the issuer's securities, as well as other criteria. Among the other criteria that may be evaluated for making this determination are the country in which the issuer maintains 50% or more of its assets, the type of security, financial guarantees and enhancements, the nature of the collateral and the sponsor organization. Country of issuer and/or credit risk exposure has been determined to be the United States of America, unless otherwise noted.

**D. Distributions** Distributions from net investment income are declared and paid monthly. Distributions from net realized capital gain, if any, are generally declared and paid annually and recorded on the ex-dividend date.

**E. Federal Income Taxes** The Trust intends to comply with the requirements of Subchapter M of the Internal Revenue Code of 1986, as amended (the Internal Revenue Code), necessary to qualify as a regulated investment company and to distribute substantially all of the Trust's taxable earnings to shareholders. As such, the Trust will not be subject to federal income taxes on otherwise taxable income (including net realized capital gain) that is distributed to shareholders. Therefore, no provision for federal income taxes is recorded in the financial statements.

The Trust recognizes the tax benefits of uncertain tax positions only when the position is more likely than not to be sustained. Management has analyzed the Trust's uncertain tax positions and concluded that no liability for unrecognized tax benefits should be recorded related to uncertain tax positions. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will change materially in the next 12 months.

In addition, the Trust intends to invest in such municipal securities to allow it to qualify to pay shareholders exempt dividends, as defined in the Internal Revenue Code.

The Trust files tax returns in the U.S. Federal jurisdiction and certain other jurisdictions. Generally, the Trust is subject to examinations by such taxing authorities for up to three years after the filing of the return for the tax period.

**F.**

**Interest, Facilities and Maintenance Fees** Interest, Facilities and Maintenance Fees include interest and related borrowing costs such as commitment fees and other expenses associated with lines of credit and interest and administrative expenses related to establishing and maintaining floating rate note obligations, if any.

**G. Accounting Estimates** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ( GAAP ) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period including estimates and assumptions related to taxation. Actual results could differ from those estimates by a significant amount. In addition, the Trust monitors for material events or transactions that may occur or become known after the period-end date and before the date the financial statements are released to print.

**H. Indemnifications** Under the Trust s organizational documents, each Trustee, officer, employee or other agent of the Trust is indemnified against certain liabilities that may arise out of the performance of their duties to the Trust. Additionally, in the normal course of business, the Trust enters into contracts, including the Trust s servicing agreements, that contain a variety of indemnification clauses. The Trust s maximum exposure under these arrangements is unknown as this would involve future claims that may be made against the Trust that have not yet occurred. The risk of material loss as a result of such indemnification claims is considered remote.

**I. Cash and Cash Equivalents** For the purposes of the Statement of Cash Flows the Trust defines Cash and Cash Equivalents as cash (including foreign currency), money market funds and other investments held in lieu of cash and excludes investments made with cash collateral received.

**J. Floating Rate Note Obligations** The Trust invests in inverse floating rate securities, such as Residual Interest Bonds ( RIBs ) or Tender Option Bonds ( TOBs ) for investment purposes and to enhance the yield of the Trust. Inverse floating rate investments tend to underperform the market for fixed rate bonds in a rising interest rate environment, but tend to outperform the market for fixed rate bonds when interest rates decline or remain relatively stable. Such transactions may be purchased in the secondary market without first owning the underlying bond or by the sale of fixed rate bonds by the Trust to special purpose trusts established by a broker dealer ( Dealer Trusts ) in exchange for cash and residual interests in the Dealer Trusts assets and cash flows, which are in the form of inverse floating rate securities. The Dealer Trusts finance the purchases of the fixed rate bonds by issuing floating rate notes to third parties and allowing the Trust to retain residual interests in the bonds. The floating rate notes issued by the Dealer Trusts have interest rates that reset weekly and the floating rate note holders have the option to tender their notes to the Dealer Trusts for redemption at par at each reset date. The residual interests held by the Trust (inverse floating rate investments) include the right of the Trust (1) to cause the holders of the floating rate notes to tender their notes at par at the next interest rate reset date, and (2) to transfer the municipal bond from the Dealer Trusts to the Trust, thereby collapsing the Dealer Trusts.

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Recently published final rules implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Volcker Rule ) prohibit banking entities from engaging in proprietary trading of certain instruments and limit such entities' investments in, and relationships with, covered funds. These rules may preclude banking entities from sponsoring and/or providing services for existing TOB trust programs. There can be no assurances that TOB trusts can be restructured substantially similar to their present form, that new sponsors of TOB trusts would begin providing these services, or that alternative forms of leverage will be available to the Trust in order to maintain current levels of leverage. Any alternative forms of leverage may be less advantageous to the Trust, and may adversely affect the Trust's net asset value, distribution rate and ability to achieve its investment objective. The ultimate impact of these rules on the TOBs market and the municipal market generally is not yet certain.

TOBs are presently classified as private placement securities. Private placement securities are subject to restrictions on resale because they have not been registered under the Securities Act of 1933, as amended (the 1933 Act ), or are otherwise not readily marketable. As a result of the absence of a public trading market for these securities, they may be less liquid than publicly traded securities. Although these securities may be resold in privately negotiated transactions, the prices realized from these sales could be less than those originally paid by the Trust or less than what may be considered the fair value of such securities.

The Trust accounts for the transfer of bonds to the Dealer Trusts as secured borrowings, with the securities transferred remaining in the Trust's investment assets, and the related floating rate notes reflected as Trust liabilities under the caption *Floating rate note obligations* on the Statement of Assets and Liabilities. The Trust records the interest income from the fixed rate bonds under the caption *Interest* and records the expenses related to floating rate obligations and any administrative expenses of the Dealer Trusts as a component of *Interest, facilities and maintenance fees* on the Statement of Operations.

The Trust generally invests in inverse floating rate securities that include embedded leverage, thus exposing the Trust to greater risks and increased costs. The primary risks associated with inverse floating rate securities are varying degrees of liquidity and the changes in the value of such securities in response to changes in market rates of interest to a greater extent than the value of an equal principal amount of a fixed rate security having similar credit quality, redemption provisions and maturity which may cause the Trust's net asset value to be more volatile than if it had not invested in inverse floating rate securities. In certain instances, the short-term floating rate interests created by the special purpose trust may not be able to be sold to third parties or, in the case of holders tendering (or putting) such interests for repayment of principal, may not be able to be remarketed to third parties. In such cases, the special purpose trust holding the long-term fixed rate bonds may be collapsed. In the case of RIBs or TOBs created by the contribution of long-term fixed income bonds by the Trust, the Trust will then be required to repay the principal amount of the tendered securities. During times of market volatility, illiquidity or uncertainty, the Trust could be required to sell other portfolio holdings at a disadvantageous time to raise cash to meet that obligation.

**K. Other Risks** The value of, payment of interest on, repayment of principal for and the ability to sell a municipal security may be affected by constitutional amendments, legislative enactments, executive orders, administrative regulations, voter initiatives and the economics of the regions in which the issuers are located.

Since many municipal securities are issued to finance similar projects, especially those relating to education, health care, transportation and utilities, conditions in those sectors can affect the overall municipal securities market and a Trust's investments in municipal securities.

There is some risk that a portion or all of the interest received from certain tax-free municipal securities could become taxable as a result of determinations by the Internal Revenue Service.

## **NOTE 2 Advisory Fees and Other Fees Paid to Affiliates**

The Trust has entered into a master investment advisory agreement with Invesco Advisers, Inc. (the Adviser or Invesco ). Under the terms of the investment advisory agreement, the Trust pays an advisory fee to the Adviser based on the annual rate of 0.55% of the Trust's average weekly managed assets. Managed assets for this purpose means the Trust's net assets, plus assets attributable to outstanding preferred shares and the amount of any borrowings incurred for the purpose of leverage (whether or not such borrowed amounts are reflected in the Trust's financial statements for purposes of GAAP).

Under the terms of a master sub-advisory agreement between the Adviser and each of Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers ) the Adviser, not the Trust, may pay 40% of the fees paid to the Adviser to any such Affiliated Sub-Adviser(s) that provide(s) discretionary investment management services to the Trust based on the percentage of assets allocated to such Sub-Adviser(s).

The Adviser had contractually agreed, through August 31, 2014, to waive advisory fees and/or reimburse expenses to the extent necessary to limit the Trust's expenses (excluding certain items discussed below) to 0.67%. In determining the Adviser's obligation to waive advisory fees and/or reimburse expenses, the following expenses are not taken into account, and could cause the Trust's expenses to exceed the limit reflected above: (1) interest, facilities and maintenance fees; (2) taxes; (3) dividend expense on short sales; (4) extraordinary or non-routine items, including litigation expenses; and (5) expenses that the Trust has incurred but did not actually pay because of an expense offset arrangement. The Adviser has agreed to continue to limit the Trust's expenses as described above. This agreement may be discontinued at any time without notice to shareholders. To the extent that the annualized expense ratio does not exceed the expense limitation, the Adviser will retain its ability to be reimbursed for such fee waivers or reimbursements prior to the date the expense limit is discontinued.

For the six months ended August 31, 2014, the Adviser waived advisory fees of \$88,788.

The Trust has entered into a master administrative services agreement with Invesco pursuant to which the Trust has agreed to pay Invesco for certain administrative costs incurred in providing accounting services to the Trust. For the six months ended August 31, 2014, expenses incurred under these agreement are shown in the Statement of Operations as *Administrative services fees*.

Certain officers and trustees of the Trust are officers and directors of Invesco.

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**NOTE 3 Additional Valuation Information**

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, under current market conditions. GAAP establishes a hierarchy that prioritizes the inputs to valuation methods, giving the highest priority to readily available unadjusted quoted prices in an active market for identical assets (Level 1) and the lowest priority to significant unobservable inputs (Level 3), generally when market prices are not readily available or are unreliable. Based on the valuation inputs, the securities or other investments are tiered into one of three levels. Changes in valuation methods may result in transfers in or out of an investment's assigned level:

- Level 1 Prices are determined using quoted prices in an active market for identical assets.
- Level 2 Prices are determined using other significant observable inputs. Observable inputs are inputs that other market participants may use in pricing a security. These may include quoted prices for similar securities, interest rates, prepayment speeds, credit risk, yield curves, loss severities, default rates, discount rates, volatilities and others.
- Level 3 Prices are determined using significant unobservable inputs. In situations where quoted prices or observable inputs are unavailable (for example, when there is little or no market activity for an investment at the end of the period), unobservable inputs may be used. Unobservable inputs reflect the Trust's own assumptions about the factors market participants would use in determining fair value of the securities or instruments and would be based on the best available information.

As of August 31, 2014, all of the securities in this Trust were valued based on Level 2 inputs (see the Schedule of Investments for security categories). The level assigned to the securities valuations may not be an indication of the risk or liquidity associated with investing in those securities. Because of the inherent uncertainties of valuation, the values reflected in the financial statements may materially differ from the value received upon actual sale of those investments.

**NOTE 4 Trustees and Officers Fees and Benefits**

*Trustees and Officers Fees and Benefits* include amounts accrued by the Trust to pay remuneration to certain Trustees and Officers of the Trust. Trustees have the option to defer compensation payable by the Trust, and *Trustees and Officers Fees and Benefits* also include amounts accrued by the Trust to fund such deferred compensation amounts. Those Trustees who defer compensation have the option to select various Invesco Trusts in which their deferral accounts shall be deemed to be invested. Finally, certain current Trustees were eligible to participate in a retirement plan that provided for benefits to be paid upon retirement to Trustees over a period of time based on the number of years of service. The Trust may have certain former Trustees who also participate in a retirement plan and receive benefits under such plan. *Trustees and Officers Fees and Benefits* include amounts accrued by the Trust to fund such retirement benefits. Obligations under the deferred compensation and retirement plans represent unsecured claims against the general assets of the Trust.

**NOTE 5 Cash Balances and Borrowings**

The Trust is permitted to temporarily carry a negative or overdrawn balance in its account with State Street Bank and Trust Company, the custodian bank. Such balances, if any at period end, are shown in the Statement of Assets and Liabilities under the payable caption *Amount due custodian*. To compensate the custodian bank for such overdrafts, the overdrawn Trust may either (1) leave funds as a compensating balance in the account so the custodian bank can be compensated by earning the additional interest; or (2) compensate by paying the custodian bank at a rate agreed upon by the custodian bank and Invesco, not to exceed the contractually agreed upon rate.

Inverse floating rate obligations resulting from the transfer of bonds to Dealer Trusts are accounted for as secured borrowings. The average floating rate notes outstanding and average annual interest and fee rate related to inverse



floating rate note obligations during the six months ended August 31, 2014 were \$39,304,714 and 0.65%, respectively.

**NOTE 6 Tax Information**

The amount and character of income and gains to be distributed are determined in accordance with income tax regulations, which may differ from GAAP. Reclassifications are made to the Trust's capital accounts to reflect income and gains available for distribution (or available capital loss carryforward) under income tax regulations. The tax character of distributions paid during the year and the tax components of net assets will be reported at the Trust's fiscal year-end.

Capital loss carryforward is calculated and reported as of a specific date. Results of transactions and other activity after that date may affect the amount of capital loss carryforward actually available for the Trust to utilize. Capital losses generated in years beginning after December 22, 2010 can be carried forward for an unlimited period, whereas previous losses expire in 8 tax years. Capital losses with an expiration period may not be used to offset capital gains until all net capital losses without an expiration date have been utilized. Capital loss carryforwards with no expiration date will retain their character as either short-term or long-term capital losses instead of as short-term capital losses as under prior law. The ability to utilize capital loss carryforward in the future may be limited under the Internal Revenue Code and related regulations based on the results of future transactions.

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The Trust had a capital loss carryforward as of February 28, 2014 which expires as follows:

Expiration	Capital Loss Carryforward*		
	Short-Term	Long-Term	Total
February 28, 2015	\$ 623,927	\$	\$ 623,927
February 29, 2016	15,719,918		15,719,918
February 28, 2017	11,373,118		11,373,118
February 28, 2018	9,120,629		9,120,629
February 28, 2019	3,761,358		3,761,358
Not subject to expiration	3,776,868	10,604,344	14,381,212
	\$ 44,375,818	\$ 10,604,344	\$ 54,980,162

\*Capital loss carryforward as of the date listed above is reduced for limitations, if any, to the extent required by the Internal Revenue Code and may be further limited depending upon a variety of factors, including the realization of net unrealized gains or losses as of the date of any reorganization.

#### NOTE 7 Investment Securities

The aggregate amount of investment securities (other than short-term securities, U.S. Treasury obligations and money market funds, if any) purchased and sold by the Trust during the six months ended August 31, 2014 was \$36,812,555 and \$30,131,531, respectively. Cost of investments on a tax basis includes the adjustments for financial reporting purposes as of the most recently completed federal income tax reporting period-end.

#### Unrealized Appreciation (Depreciation) of Investment Securities on a Tax Basis

Aggregate unrealized appreciation of investment securities	\$ 37,158,824
Aggregate unrealized (depreciation) of investment securities	(13,233,924)
Net unrealized appreciation of investment securities	\$ 23,924,900
Cost of investments for tax purposes is \$366,847,012.	

#### NOTE 8 Common Shares of Beneficial Interest

Transactions in common shares of beneficial interest were as follows:

	Six months ended	Year ended
	August 31,	February 28,
	2014	2014
Beginning shares	47,425,494	47,425,494
Shares issued through dividend reinvestment		
Ending shares	47,425,494	47,425,494

The Trust may, when appropriate, purchase shares in the open market or in privately negotiated transactions at a price not above market value or net asset value, whichever is lower at the time of purchase.

**NOTE 9 Dividends**

The Trust declared the following dividends to common shareholders from net investment income subsequent to August 31, 2014:

<b>Declaration Date</b>	<b>Amount per Share</b>	<b>Record Date</b>	<b>Payable Date</b>
September 2, 2014	\$ 0.0328	September 15, 2014	September 30, 2014
October 1, 2014	\$ 0.0328	October 16, 2014	October 31, 2014

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**NOTE 10 Financial Highlights**

The following schedule presents financial highlights for a share of the Trust outstanding throughout the periods indicated.

	Six months ended August 31, 2014	Years ended February 28,		Year Nine months ended February 29, February 28, 2012 2011		Years ended May 31,	
		2014	2013	2010	2009		
Net asset value, beginning of period	\$ 7.05	\$ 7.56	\$ 7.14	\$ 6.41	\$ 6.79	\$ 5.90	\$ 7.38
Net investment income <sup>(a)</sup>	0.20	0.42	0.41	0.41	0.32	0.44	0.45
Net gains (losses) on securities (both realized and unrealized)	0.39	(0.51)	0.43	0.74	(0.38)	0.87	(1.46)
Total from investment operations	0.59	(0.09)	0.84	1.15	(0.06)	1.31	(1.01)
Less distributions from net investment income	(0.21)	(0.42)	(0.42)	(0.42)	(0.32)	(0.42)	(0.47)
Anti-dilutive effect of shares repurchased <sup>(a)</sup>							0.00 <sup>(b)</sup>
Net asset value, end of period	\$ 7.43	\$ 7.05	\$ 7.56	\$ 7.14	\$ 6.41	\$ 6.79	\$ 5.90
Market value, end of period	\$ 6.92	\$ 6.52	\$ 7.26	\$ 7.02	\$ 6.02	\$ 6.51	\$ 5.67
Total return at net asset value <sup>(c)</sup>	8.59%	(0.53)%	12.07%	18.92%	(0.90)%	23.12%	
Total return at market value <sup>(d)</sup>	9.36%	(4.21)%	9.47%	24.50%	(2.93)%	22.83%	(22.15)%
Net assets, end of period (000 s omitted)	\$ 352,287	\$ 334,426	\$ 358,329	\$ 140,080	\$ 125,777	\$ 133,201	\$ 115,783
Portfolio turnover rate <sup>(e)</sup>	8%	24%	13%	22%	12%	13%	15%
<b>Ratios/supplemental data based on average net assets:</b>							
Ratio of expenses:							
With fee waivers and/or expense reimbursements	0.75% <sup>(f)</sup>	0.72%	0.73%	0.73%	0.72% <sup>(g)</sup>	0.78%	0.89% <sup>(h)</sup>

With fee waivers and/or expense reimbursements excluding interest, facilities and maintenance fees <sup>(i)</sup>	0.67% <sup>(f)</sup>	0.67%	0.67%	0.68%	0.67% <sup>(g)</sup>	0.73%	0.73% <sup>(h)</sup>
Without fee waivers and/or expense reimbursements	0.79% <sup>(f)</sup>	0.77%	0.77%	0.73%	0.72% <sup>(g)</sup>	0.78%	
Ratio of net investment income to average net assets	5.48% <sup>(f)</sup>	5.92%	5.50%	6.15%	6.28% <sup>(g)</sup>	6.90%	7.25%
Rebate from Morgan Stanley affiliate							0.00% <sup>(j)</sup>

(a) Calculated using average shares outstanding.

(b) Includes anti-dilutive effect of acquiring treasury shares of less than \$0.005.

(c) Includes adjustments in accordance with accounting principles generally accepted in the United States of America and as such, the net asset value for financial reporting purposes and the returns based upon those net asset values may differ from the net asset value and returns for shareholder transactions. Not annualized for periods less than one year, if applicable.

(d) Total return assumes an investment at the common share market price at the beginning of the period indicated, reinvestment of all distributions for the period in accordance with the Trust's dividend reinvestment plan, and sale of all shares at the closing common share market price at the end of the period indicated. Not annualized for periods less than one year, if applicable.

(e) Portfolio turnover is not annualized for periods less than one year, if applicable. For the year ended February 28, 2013, the portfolio turnover calculation excludes the value of securities purchased of \$188,960,770 and sold of \$14,007,508 in the effort to realign the Trust's portfolio holdings after the reorganization of Invesco Municipal Income Opportunities Trust II and Invesco Municipal Income Opportunities Trust III into the Trust.

(f) Ratios are annualized and based on average daily net assets (000's) of \$343,804.

(g) Annualized.

(h) The ratios reflect the rebate of certain Trust expenses in connection with investments in a Morgan Stanley affiliate during the period. The effect of the rebate on the ratios is disclosed in the above table as Rebate from Morgan Stanley affiliate.

(i) For the years ended May 31, 2010 and prior, ratio does not exclude facilities and maintenance fees.

(j) Amount is less than 0.005%.

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## Approval of Investment Advisory and Sub-Advisory Contracts

The Board of Trustees (the Board) of Invesco Municipal Income Opportunities Trust (the Fund) is required under the Investment Company Act of 1940, as amended, to approve annually the renewal of the Fund's investment advisory agreement agreements. During contract renewal meetings held on June 16-17, 2014, the Board as a whole, and the disinterested or independent Trustees, who comprise over 75% of the Board, voting separately, approved the continuance for the Fund of the Master Investment Advisory Agreement with Invesco Advisers, Inc. (Invesco Advisers) and the Master Intergroup Sub-Advisory Contract for Mutual Funds with Invesco Asset Management Deutschland GmbH, Invesco Asset Management Limited, Invesco Asset Management (Japan) Limited, Invesco Australia Limited, Invesco Hong Kong Limited, Invesco Senior Secured Management, Inc. and Invesco Canada Ltd. (collectively, the Affiliated Sub-Advisers and the sub-advisory contracts) for another year, effective July 1, 2014.

In evaluating the fairness and reasonableness of compensation under the Fund's investment advisory agreement and sub-advisory contracts, the Board considered, among other things, the factors discussed below. The Board determined that continuation of the Fund's investment advisory agreement and the sub-advisory contracts are in the best interest of the Fund and its shareholders and that the compensation payable to Invesco Advisers and the Affiliated Sub-Advisers under the agreements is fair and reasonable.

### The Board's Fund Evaluation Process

The Board's Investments Committee has established three Sub-Committees, each of which is primarily responsible for overseeing the management of a number of the closed-end funds and all of the open-end funds advised by Invesco Advisers (the Invesco Funds). The Sub-Committees meet throughout the year to review the performance of their assigned Invesco Funds, including reviewing materials prepared under the direction of the independent Senior Officer, an officer of the Invesco Funds who reports directly to the independent Trustees. Over the course of each year, the Sub-Committees meet with portfolio managers for their assigned Invesco Funds and other members of management to review the performance, investment objective(s), policies, strategies, limitations and investment risks of these funds. The Sub-Committees meet regularly and at designated contract renewal meetings each year to conduct a review of the performance, fees, expenses and other matters related to their assigned Invesco Funds. Each Sub-Committee recommends to the Investments Committee, which in turn recommends to the full Board, whether and on what terms to approve the continuance of each Invesco Fund's

investment advisory agreement and sub-advisory contracts for another year.

During the contract renewal process, the Trustees receive comparative performance and fee data regarding the Invesco Funds prepared by Invesco Advisers and Lipper Inc. (Lipper), an independent provider of investment company data. The Trustees also receive an independent written evaluation from the Senior Officer. The Senior Officer's evaluation is prepared as part of his responsibility to manage the process by which the Invesco Funds' proposed management fees are negotiated during the annual contract renewal process to ensure they are negotiated in a manner that is at arms length and reasonable. In addition to meetings with Invesco Advisers and fund counsel, the independent Trustees also discuss the continuance of the investment advisory agreement and sub-advisory contracts in separate sessions with the Senior Officer and with independent legal counsel.

The Trustees recognized that the advisory fee rates for the Invesco Funds are, in many cases, the result of years of review and negotiation. The Trustees' deliberations and conclusions in a particular year may be based in part on their deliberations and conclusions regarding these arrangements throughout the year and in prior years. The Trustees' review and conclusions are based on the comprehensive consideration of all information presented to them and are not the result of any single determinative factor. Moreover, one Trustee may have weighed a particular piece of

information or factor differently than another Trustee.

The discussion below serves as the Senior Officer's independent written evaluation with respect to the Fund's investment advisory agreement as well as a discussion of the material factors and related conclusions that formed the basis for the Board's approval of the Fund's investment advisory agreement and sub-advisory contracts. Unless otherwise stated, this information is current as of June 17, 2014, and may not reflect consideration of factors that became known to the Board after that date.

## **Factors and Conclusions and Summary of Independent Written Fee Evaluation**

### *A. Nature, Extent and Quality of Services Provided by Invesco Advisers and the Affiliated Sub-Advisers*

The Board reviewed the advisory services provided to the Fund by Invesco Advisers under the Fund's investment advisory agreement, the performance of Invesco Advisers in providing these services, and the credentials and experience of the officers and employees of Invesco Advisers who provide these services, including the Fund's portfolio manager or managers, with whom the Sub-Committees met during the year. The Board's review of the

qualifications of Invesco Advisers to provide advisory services included the Board's consideration of Invesco Advisers investment process oversight, independent credit analysis and investment risk management. The Board also considered non-advisory services that Invesco Advisers and its affiliates provide to the Invesco Funds such as various back office support functions, equity and fixed income trading operations, internal audit, and legal and compliance.

In determining whether to continue the Fund's investment advisory agreement, the Board considered the benefits of reapproving an existing relationship and the greater uncertainty that may be associated with entering into a new relationship. The Board concluded that the nature, extent and quality of the services provided to the Fund by Invesco Advisers are appropriate and satisfactory and consistent with the terms of the Fund's investment advisory agreement.

The Board reviewed the services that may be provided by the Affiliated Sub-Advisers under the sub-advisory contracts and the credentials and experience of the officers and employees of the Affiliated Sub-Advisers who provide these services. The Board concluded that the sub-advisory contracts benefit the Fund and its shareholders by permitting Invesco Advisers to use the resources and talents of the Affiliated Sub-Advisers in managing the Fund. The Board concluded that the nature, extent and quality of the services that may be provided by the Affiliated Sub-Advisers are appropriate and satisfactory and consistent with the terms of the Fund's sub-advisory contracts.

### *B. Fund Performance*

The Board considered Fund performance as a relevant factor in considering whether to approve the investment advisory agreement. The Board did not view Fund performance as a relevant factor in considering whether to approve the sub-advisory contracts for the Fund, as no Affiliated Sub-Adviser currently manages assets of the Fund.

The Board compared the Fund's performance during the past one, three and five calendar years to the performance of funds in the Lipper performance universe and against the Lipper Closed-End High Yield Municipal Funds Index. The Board noted that the Fund's performance was in the first quintile of its performance universe for the one year period, the fourth quintile for the three year period and the fifth quintile for the five year period (the first quintile being the best performing funds and the fifth quintile being the worst performing funds). The Board noted that the Fund's performance was above the performance of the Index for the one year period and below the Index for the three and five year periods. The Trustees also reviewed more recent Fund performance and this review did not change their conclusions.

*C. Advisory and Sub-Advisory Fees*

The Board compared the Fund's contractual management fee rate to the contractual management fee rates of funds in the Fund's Lipper expense group at a common asset level. The Board noted that the Fund's contractual management fee rate was below the median contractual management fee rate of funds in its expense group. The Board noted that the term "contractual management fee" may include both advisory and certain administrative services fees, but that Lipper does not provide information on a fund by fund basis as to what is included. The Board noted that Invesco Advisers does not charge the Invesco Funds for the administrative services included in the term as defined by Lipper. The Board also reviewed the methodology used by Lipper in providing expense group information, which includes using each fund's contractual management fee schedule (including any applicable breakpoints) as reported in the most recent prospectus or statement of additional information for each fund in the expense group.

The Board noted that Invesco Advisers has contractually agreed to waive fees and/or limit expenses of the Fund through at least August 31, 2014 in an amount necessary to limit total annual operating expenses to a specified percentage of average daily net assets for each class of the Fund.

The Board also compared the Fund's effective advisory fee rate (the advisory fee rate after advisory fee waivers and before other expense limitations/waivers) to the effective advisory fee rates of other mutual funds advised by Invesco Advisers and its affiliates that are managed using an investment process substantially similar to the investment process used for the Fund. The Board noted that the Fund's rate was above the rate of one open-end fund advised by Invesco Advisers that is managed using an investment process substantially similar to the investment process used for the Fund. The Board noted that Invesco Advisers and the Affiliated Sub-Advisers do not manage other client accounts using an investment process substantially similar to the investment process used for the Fund.

The Board also considered the services that may be provided by the Affiliated Sub-Advisers pursuant to the sub-advisory contracts, as well as the fees payable by Invesco Advisers to the Affiliated Sub-Advisers pursuant to the sub-advisory contracts. The Board also noted that the sub-advisory fees are not paid directly by the Fund, but rather, are payable by Invesco Advisers to the Affiliated Sub-Advisers.

*D. Economies of Scale*

The Board noted that most closed-end funds do not have fund level breakpoints because closed-end funds generally do not experience substantial asset growth after the initial public offering. The Board noted that although the Fund does not benefit from economies of scale through contractual breakpoints, the Fund shares directly in economies of scale through lower fees charged by third party service

providers based on the combined size of the Invesco Funds and other clients advised by Invesco Advisers.

*E. Profitability and Financial Resources*

The Board reviewed information from Invesco Advisers concerning the costs of the advisory and other services that Invesco Advisers and its affiliates provide to the Fund and the profitability of Invesco Advisers and its affiliates in providing these services for the year ended December 31, 2013. The Board received information from Invesco Advisers about the methodology used to prepare the profitability information. The Board considered the profitability of Invesco Advisers in managing the Fund and the Invesco Funds. The Board noted that Invesco Advisers continues to operate at a net profit from services Invesco Advisers and its subsidiaries provide to the Invesco Funds and the Fund. The Board did not deem the level of profits realized by Invesco Advisers and its affiliates from providing services to the Fund to be excessive given the nature, quality and extent of the services provided to the Invesco Funds. The Board received and accepted information from Invesco Advisers demonstrating that Invesco Advisers and each Affiliated Sub-Adviser are financially sound and have the resources necessary to perform their obligations under the investment advisory agreement and sub-advisory contracts.

*F. Collateral Benefits to Invesco Advisers and its Affiliates*



The Board considered various other benefits received by Invesco Advisers and its affiliates from the relationship with the Fund. The Board considered the performance of Invesco Advisers and its affiliates in providing these services and the organizational structure employed to provide these services. The Board also considered that these services are provided to the Fund pursuant to written contracts that are reviewed and approved on an annual basis by the Board; that the services are required for the operation of the Fund; that Invesco Advisers and its affiliates can provide services, the nature and quality of which are at least equal to those provided by others offering the same or similar services; and that the fees for such services are fair and reasonable in light of the usual and customary charges by others for services of the same nature and quality.

The Board considered the benefits realized by Invesco Advisers and the Affiliated Sub-Advisers as a result of portfolio brokerage transactions executed through soft dollar arrangements. Invesco Advisers noted that the Fund does not execute brokerage transactions through soft dollar arrangements to any significant degree.

The Board considered that the Fund's uninvested cash and cash collateral from any securities lending arrangements may be invested in money market funds advised by Invesco Advisers pursuant to procedures approved by the Board. The Board noted that Invesco Advisers receives advisory fees from these affiliated money market funds attributable to such investments, although

Invesco Advisers has contractually agreed to waive through varying periods the advisory fees payable by the Invesco Funds with respect to investments in the affiliated money market funds. The waiver is in an amount equal to 100% of the net advisory fee Invesco Advisers receives from the affiliated money market funds with respect to the Fund's investment in the affiliated money market funds of uninvested cash, but not cash collateral. The Board concluded that the amount of advisory fees received by Invesco Advisers from the Fund's investment of uninvested cash and cash collateral from any securities lending arrangements in the affiliated money market funds are fair and reasonable.

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**Proxy Results**

An Annual Meeting ( Meeting ) of Shareholders of Invesco Municipal Income Opportunities Trust (the Fund ) was held on August 27, 2014. The Meeting was held for the following purpose:

- (1) Elect five Trustees by the holders of Common Shares of the Fund, each of whom will serve for a three-year term or until a successor has been duly elected and qualified.

The results of the voting on the above matter were as follows:

<b>Matter</b>	<b>Votes</b>	
	<b>Votes For</b>	<b>Against</b>
(1) David C. Arch	42,541,978	1,309,042
Frank S. Bayley	42,421,653	1,429,367
Larry Soll	42,483,644	1,367,376
Philip A. Taylor	42,544,672	1,306,348
Wayne W. Whalen	42,498,853	1,352,167

### **Correspondence information**

Send general correspondence to Computershare Trust Company, N.A., P.O. Box 30170, College Station, TX 77842-3170.

### **Trust holdings and proxy voting information**

The Trust provides a complete list of its holdings four times in each fiscal year, at the quarter ends. For the second and fourth quarters, the lists appear in the Trust's semiannual and annual reports to shareholders. For the first and third quarters, the Trust files the lists with the Securities and Exchange Commission (SEC) on Form N-Q. The most recent list of portfolio holdings is available at [invesco.com/us](http://invesco.com/us). Shareholders can also look up the Trust's Forms N-Q on the SEC website at [sec.gov](http://sec.gov). Copies of the Trust's Forms N-Q may be reviewed and copied at the SEC Public Reference Room in Washington, D.C. You can obtain information on the operation of the Public Reference Room, including information about duplicating fee charges, by calling 202 551 8090 or 800 732 0330, or by electronic request at the following email address: [publicinfo@sec.gov](mailto:publicinfo@sec.gov). The SEC file number for the Trust is shown below.

A description of the policies and procedures that the Trust uses to determine how to vote proxies relating to portfolio securities is available without charge, upon request, from our Client Services department at 800 341 2929 or at [invesco.com/proxyguidelines](http://invesco.com/proxyguidelines). The information is also available on the SEC website, [sec.gov](http://sec.gov).

Information regarding how the Trust voted proxies related to its portfolio securities during the most recent 12-month period ended June 30 is available at [invesco.com/proxysearch](http://invesco.com/proxysearch). In addition, this information is available on the SEC website at [sec.gov](http://sec.gov).

SEC file number: 811-05597

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ITEM 2. CODE OF ETHICS.

There were no amendments to the Code of Ethics (the Code ) that applies to the Registrant's Principal Executive Officer ( PEO ) and Principal Financial Officer ( PFO ) during the period covered by the report. The Registrant did not grant any waivers, including implicit waivers, from any provisions of the Code to the PEO or PFO during the period covered by this report.

ITEM 3. AUDIT COMMITTEE FINANCIAL EXPERT.

Not applicable.

ITEM 4. PRINCIPAL ACCOUNTANT FEES AND SERVICES.

Not applicable.

ITEM 5. AUDIT COMMITTEE OF LISTED REGISTRANTS.

Not applicable.

ITEM 6. SCHEDULE OF INVESTMENTS.

Investments in securities of unaffiliated issuers is included as part of the reports to stockholders filed under Item 1 of this Form.

ITEM 7. DISCLOSURE OF PROXY VOTING POLICIES AND PROCEDURES FOR CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 8. PORTFOLIO MANAGERS OF CLOSED-END MANAGEMENT INVESTMENT COMPANIES.

Not applicable.

ITEM 9. PURCHASES OF EQUITY SECURITIES BY CLOSED-END MANAGEMENT INVESTMENT COMPANY AND AFFILIATED PURCHASERS.

Not applicable.

ITEM 10. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 11. CONTROLS AND PROCEDURES.

- (a) As of August 20, 2014, an evaluation was performed under the supervision and with the participation of the officers of the Registrant, including the Principal Executive Officer ( PEO ) and Principal Financial Officer ( PFO ), to assess the effectiveness of the Registrant's disclosure controls and procedures, as that term is defined in Rule 30a-3(c) under the Investment Company Act of 1940 (the Act ), as amended. Based on that evaluation, the Registrant's officers, including the PEO and PFO, concluded that, as of August 20, 2014, the Registrant's disclosure controls and procedures were reasonably designed to ensure: (1) that information required to be disclosed by the Registrant on Form N-CSR is

recorded, processed, summarized and reported within the time periods specified by the rules and forms of the Securities and Exchange Commission; and (2) that material information relating to the Registrant is made known to the PEO and PFO as appropriate to allow timely decisions regarding required disclosure.

- (b) There have been no changes in the Registrant's internal control over financial reporting (as defined in Rule 30a-3(d) under the Act) that occurred during the second fiscal quarter of the period covered by the report that has materially affected, or is reasonably likely to materially affect, the Registrant's internal control over financial reporting.

ITEM 12. EXHIBITS.

12(a) (1) Not applicable.

12(a) (2) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.

12(a) (3) Not applicable.

12(b) Certifications of principal executive officer and principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Registrant: Invesco Municipal Income Opportunities Trust

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: November 7, 2014

Pursuant to the requirements of the Securities and Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By: /s/ Philip A. Taylor  
Philip A. Taylor  
Principal Executive Officer

Date: November 7, 2014

By: /s/ Sheri Morris  
Sheri Morris  
Principal Financial Officer

Date: November 7, 2014

EXHIBIT INDEX

- 12(a) (1) Not applicable.
- 12(a) (2) Certifications of principal executive officer and Principal financial officer as required by Rule 30a-2(a) under the Investment Company Act of 1940.
- 12(a) (3) Not applicable.
- 12(b) Certifications of principal executive officer and Principal financial officer as required by Rule 30a-2(b) under the Investment Company Act of 1940.