



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Quarter Ended			Nine Months	
	October 2, 2009	July 3, 2009	September 26, 2008 ⁽¹⁾	October 2, 2009	September 26, 2008 ⁽¹⁾
Net revenues	\$ 472.9	\$ 419.8	\$ 581.5	\$ 1,271.8	\$ 1,566.1
Cost of revenues	297.1	281.6	359.9	845.7	1,006.3
Gross profit	175.8	138.2	221.6	426.1	559.8
Gross margin	37.2%	32.9%	38.1%	33.5%	35.7%
Operating expenses:					
Research and development	53.8	50.7	67.2	148.1	175.0
Selling and marketing	30.0	28.4	37.3	87.4	101.0
General and administrative	27.1	30.0	34.2	84.4	89.9
In-process research and development	-	-	-	-	17.7
Amortization of acquisition related intangible assets	7.3	7.3	6.8	21.8	15.9
Restructuring, asset impairments and other, net	7.9	8.1	2.5	25.6	22.5
Total operating expenses	126.1	124.5	148.0	367.3	422.0
Operating income	49.7	13.7	73.6	58.8	137.8
Other income (expenses), net:					
Interest expense	(15.8)	(15.7)	(20.3)	(49.2)	(59.4)
Interest income	0.1	0.2	1.7	0.7	5.5
Other	(1.5)	(0.5)	0.5	(4.2)	(0.2)
Loss on debt repurchase	-	(0.9)	-	(3.1)	-
Other expenses, net	(17.2)	(16.9)	(18.1)	(55.8)	(54.1)
Income (loss) before income taxes	32.5	(3.2)	55.5	3.0	83.7
Income tax benefit (provision)	(1.9)	1.0	(4.5)	(8.1)	11.5
Net income (loss)	30.6	(2.2)	51.0	(5.1)	95.2
Net (income) loss attributable to minority interest	(0.7)	(0.8)	(0.4)	(1.9)	0.6
Net income (loss) attributable to ON Semiconductor Corporation	\$ 29.9	\$ (3.0)	\$ 50.6	\$ (7.0)	\$ 95.8
Net income (loss) per common share attributable to ON Semiconductor Corporation:					
Basic:	\$ 0.07	\$ (0.01)	\$ 0.13	\$ (0.02)	\$ 0.26
Diluted:	\$ 0.07	\$ (0.01)	\$ 0.13	\$ (0.02)	\$ 0.26
Weighted average common shares outstanding:					
Basic	423.3	420.7	398.9	419.2	368.3
Diluted:	439.1	420.7	404.8	419.2	372.8

⁽¹⁾ The consolidated statement of operations for the quarter and nine months ended September 26, 2008 has been modified compared to previously reported amounts to reflect the adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)", which is now included in ASC 470 Debt, and the adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51", which is now included in ASC 810 Consolidation, during the first quarter of 2009.

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET

(in millions)

	<u>October 2,</u> <u>2009</u>	<u>July 3,</u> <u>2009</u>	<u>December 31,</u> <u>2008</u> ⁽¹⁾
Assets			
Cash, cash equivalents and short-term investments	\$ 470.2	\$ 403.4	\$ 458.7
Receivables, net	264.7	254.1	188.8
Inventories, net	264.2	269.5	335.5
Other current assets	42.7	44.1	55.5
Deferred income taxes, net of allowances	15.7	14.3	12.0
Total current assets	<u>1,057.5</u>	<u>985.4</u>	<u>1,050.5</u>
Property, plant and equipment, net	715.3	734.1	770.8
Goodwill	162.4	160.5	160.2
Intangible assets, net	298.7	306.6	333.4
Other assets	40.7	37.6	44.6
Total assets	<u>\$ 2,274.6</u>	<u>\$ 2,224.2</u>	<u>\$ 2,359.5</u>
Liabilities and Stockholders' Equity			
Accounts payable	\$ 147.2	\$ 147.3	\$ 178.2
Accrued expenses	135.1	136.4	138.4
Income taxes payable	6.7	6.5	4.1
Accrued interest	4.7	1.1	1.3
Deferred income on sales to distributors	101.6	102.8	114.1
Current portion of long-term debt	165.7	174.8	107.9
Total current liabilities	<u>561.0</u>	<u>568.9</u>	<u>544.0</u>
Long-term debt	729.9	729.5	901.9
Other long-term liabilities	47.5	44.5	48.1
Deferred income taxes, net of allowances	12.7	12.9	10.0
Total liabilities	<u>1,351.1</u>	<u>1,355.8</u>	<u>1,504.0</u>
ON Semiconductor Corporation stockholders' equity:			
Common stock	4.7	4.7	4.6
Additional paid-in capital	2,899.3	2,874.1	2,810.7
Accumulated other comprehensive loss	(63.9)	(67.6)	(53.6)
Accumulated deficit	(1,572.4)	(1,602.3)	(1,565.4)
Less: treasury stock, at cost	(363.4)	(359.0)	(358.1)
Total ON Semiconductor Corporation stockholders' equity	<u>904.3</u>	<u>849.9</u>	<u>838.2</u>
Minority interest in consolidated subsidiaries	19.2	18.5	17.3
Total equity	<u>923.5</u>	<u>868.4</u>	<u>855.5</u>
Total liabilities and equity	<u>\$ 2,274.6</u>	<u>\$ 2,224.2</u>	<u>\$ 2,359.5</u>

⁽¹⁾ The consolidated balance sheets as of December 31, 2008 have been modified compared to previously reported amounts to reflect the adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)", which is now included in ASC 470 Debt, and the adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51", which is now included in ASC 810 Consolidation, during the first quarter of 2009.

ON Semiconductor Reports Third Quarter of 2009 Results
3 – 3 – 3 – 3

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA* AND
CASH PROVIDED BY OPERATING ACTIVITIES

(in millions)

	Quarter Ended			Nine Months Ended	
	October 2,	July 3,	September 26,	October 2,	September 26,
	2009	2009	2008 ⁽¹⁾	2009	2008 ⁽¹⁾
Net income (loss)	\$ 30.6	\$ (2.2)	\$ 51.0	\$ (5.1)	\$ 95.2
Plus:					
Depreciation and amortization	38.9	39.0	38.0	117.6	103.6
Interest expense	15.8	15.7	20.3	49.2	59.4
Interest income	(0.1)	(0.2)	(1.7)	(0.7)	(5.5)
Income tax (benefit) provision	1.9	(1.0)	4.5	8.1	(11.5)
Net (income) loss attributable to minority interest	(0.7)	(0.8)	(0.4)	(1.9)	0.6
Stock compensation expense	13.5	16.1	11.4	42.3	26.4
Restructuring, asset impairments and other, net	7.9	8.1	2.5	25.6	22.5
In-process research and development	-	-	-	-	17.7
Loss on debt repurchase	-	0.9	-	3.1	-
Expensing of appraised inventory fair market value step up	2.4	2.7	15.3	8.2	63.4
Adjusted EBITDA*	110.2	78.3	140.9	246.4	371.8
Increase (decrease):					
Interest expense	(15.8)	(15.7)	(20.3)	(49.2)	(59.4)
Interest income	0.1	0.2	1.7	0.7	5.5
Income tax benefit (provision)	(1.9)	1.0	(4.5)	(8.1)	11.5
Net income (loss) attributable to minority interest	0.7	0.8	0.4	1.9	(0.6)
Restructuring, asset impairments, and other, net	(7.9)	(8.1)	(2.5)	(25.6)	(22.5)
Expensing of appraised inventory fair market value step up	(2.4)	(2.7)	(15.3)	(8.2)	(63.4)
(Gain) loss on sale or disposal of fixed assets	(1.8)	0.9	(1.3)	(2.2)	(5.3)
Amortization of debt issuance costs and debt discount	0.7	0.8	1.0	2.4	3.0
Provision for excess inventories	4.1	4.0	5.0	15.7	10.7
Non-cash interest expense	8.3	8.4	10.6	26.6	30.8
Cash portion of loss on debt repurchase	-	(0.7)	-	(2.4)	-
Non-cash impairment charges	5.4	0.2	-	5.6	12.0
Deferred income taxes	(1.1)	(0.1)	(2.5)	(0.9)	(9.6)
Other	(0.4)	(0.9)	0.4	(1.6)	0.7
Changes in operating assets and liabilities	(10.6)	(8.1)	20.2	(26.5)	27.4
Net cash provided by operating activities	<u>\$ 87.6</u>	<u>\$ 58.3</u>	<u>\$ 133.8</u>	<u>\$ 174.6</u>	<u>\$ 312.6</u>

⁽¹⁾ Certain amounts in the reconciliation of net income to adjusted EBITDA for the quarters and nine months ended September 26, 2008 have been modified compared to previously reported amounts to reflect the adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)", which is now included in ASC 470 Debt, and the adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51", which is now included in ASC 810 Consolidation, during the first quarter of 2009.

* Adjusted EBITDA represents net income (loss) before interest expense, interest income, provision for income taxes, depreciation and amortization expense and special items. We use the adjusted EBITDA measure for internal managerial evaluation purposes, as a performance metric for the vesting/releasing of performance based equity awards, and for earning of corporate cash bonuses when applicable. Not all of these items are necessarily included in the calculation of net income (loss) each quarter. Adjusted EBITDA is a non-GAAP financial measure. Regulation G and other provisions of the securities laws regulate the use of financial measures that are not prepared in accordance with generally accepted accounting principles. We believe this measure provides important supplemental information to investors. We use this measure, together with GAAP measures, for internal managerial purposes and as a means to evaluate period-to-period comparisons. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance.

We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations that – when taken together with GAAP results and the reconciliations to corresponding GAAP financial measures that we also provide in our press releases – provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.

ON Semiconductor Reports Third Quarter of 2009 Results

4 – 4 – 4 – 4

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES (in millions, except per share and percentage data)

	Quarter Ended			Nine Months Ended	
	October 2, 2009	July 3, 2009	September 26, 2008	October 2, 2009	September 26, 2008
Reconciliation of GAAP gross profit to non-GAAP gross profit:					
GAAP gross profit	\$ 175.8	\$ 138.2	\$ 221.6	\$ 426.1	\$ 559.8
Special items:					
a) Stock compensation expense	3.5	4.2	3.6	10.6	7.3
b) Expensing of appraised inventory fair market value step up	2.4	2.7	15.3	8.2	63.4
c) Amortization of intangibles	0.6	0.5	0.6	1.7	1.8
Total Special items	6.5	7.4	19.5	20.5	72.5
Non-GAAP gross profit	\$ 182.3	\$ 145.6	\$ 241.1	\$ 446.6	\$ 632.3

	Quarter Ended ⁽¹⁾			Nine Months Ended ⁽¹⁾	
	October 2, 2009	July 3, 2009	September 26, 2008	October 2, 2009	September 26, 2008
Reconciliation of GAAP gross margin to non-GAAP gross margin:					
GAAP gross margin	37.2%	32.9%	38.1%	33.5%	35.7%
Special items:					
a) Stock compensation expense	0.7%	1.0%	0.6%	0.8%	0.5%
b) Expensing of appraised inventory fair market value step up	0.5%	0.6%	2.6%	0.6%	4.0%
c) Amortization of intangibles	0.1%	0.1%	0.1%	0.1%	0.1%
Total Special items	1.3%	1.8%	3.4%	1.6%	4.6%
Non-GAAP gross margin	38.5%	34.7%	41.5%	35.1%	40.4%

A reconciliation of GAAP net income (loss) to non-GAAP net income is included below.

	Quarter Ended			Nine Months Ended	
	October 2, 2009	July 3, 2009	September 26, 2008	October 2, 2009	September 26, 2008
Reconciliation of GAAP income (loss) to non-GAAP net income:					
GAAP net income (loss) attributable to ON Semiconductor Corporation	\$ 29.9	\$ (3.0)	\$ 50.6	\$ (7.0)	\$ 95.8
Special items:					
a) Stock compensation expense - cost of revenues	3.5	4.2	3.6	10.6	7.3
b) Stock compensation expense - operating expenses	10.0	11.9	7.8	31.7	19.1
c) Expensing of appraised inventory fair market value step up - cost of revenues	2.4	2.7	15.3	8.2	63.4
d) In-process research and development	-	-	-	-	17.7
e) Amortization of intangible assets - cost of revenues	0.6	0.5	0.6	1.7	1.8
f) Amortization of acquisition related intangible assets - operating expenses	7.3	7.3	6.8	21.8	15.9
g) Restructuring, asset impairments and other, net	7.9	8.1	2.5	25.6	22.5
h) (Gain) loss on debt prepayment	-	0.9	-	3.1	-
i) Non-cash interest expense	8.3	8.4	10.6	26.6	30.8
j) Cash taxes	1.0	(2.3)	2.6	1.0	(13.4)
Total Special items	41.0	41.7	49.8	130.3	165.1
Non-GAAP net income	\$ 70.9	\$ 38.7	\$ 100.4	\$ 123.3	\$ 260.9
Non-GAAP net income per share:					
Basic	\$ 0.17	\$ 0.09	\$ 0.25	\$ 0.29	\$ 0.71
Diluted	\$ 0.16	\$ 0.09	\$ 0.25	\$ 0.29	\$ 0.70
Weighted average common shares outstanding:					
Basic	423.3	420.7	398.9	419.2	368.3
Diluted:	439.1	420.7	404.8	425.1	372.8

⁽¹⁾ Certain amounts may not total due to rounding of individual components.

⁽²⁾ Certain amounts for the quarter and nine months ended September 26, 2008 have been modified compared to previously reported amounts to reflect the adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)", which is now included in ASC 470 Debt, and the adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB No. 51", which is now included in ASC 810 Consolidation, during the first quarter of 2009.

Non-GAAP Measures

To supplement the consolidated financial results prepared under GAAP, ON Semiconductor uses non-GAAP measures which are adjusted from the most directly comparable GAAP results to exclude items related to stock-based compensation, amortization of intangible assets, amortization of acquisition-related intangibles, expensing of appraised inventory fair market value step up, purchased in-process research and development expenses, restructuring, asset impairments and other, net, goodwill impairment charges, gains and losses on debt prepayment, non-cash interest expense, their related tax effects and certain other special items as necessary. Management does not consider these charges in evaluating the core operational activities of ON Semiconductor. Management uses these non-GAAP measures internally to make strategic decisions, forecast future results and evaluate ON Semiconductor's current performance. Most analysts covering ON Semiconductor use the non-GAAP measures as well. Given management's use of these non-GAAP measures, ON Semiconductor believes these measures are important to investors in understanding ON Semiconductor's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in ON Semiconductor's core business across different time periods. These non-GAAP measures are not in accordance with or an alternative to GAAP financial data and may be different from non-GAAP measures used by other companies. Because non-GAAP financial measures are not standardized it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.

-- Non-GAAP gross profit and gross margin. The use of this non-GAAP financial measure allows management to evaluate the gross margin of the company's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash items including stock-based compensation expenses, expensing of appraised inventory fair market value step up and amortization of intangible assets. In addition, it is an important component of management's internal performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents this non-GAAP financial measure to enable investors and analysts to evaluate our revenue generation performance relative to the direct costs of revenue of ON Semiconductor's core businesses.

-- Non-GAAP net income and net income per share. The use of these non-GAAP financial measures allow management to evaluate the operating results of ON Semiconductor's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash items including stock-based compensation, amortization of intangible assets, amortization of acquisition-related intangibles, expensing of appraised inventory fair market value step up, purchased in-process research and development expenses, restructuring, asset impairments and other, net, goodwill impairment charges, gains and losses on debt prepayment, non-cash interest expense, their related tax effects and certain other special items as necessary. In addition, they are important components of management's internal performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents these non-GAAP financial measures to enable investors and analysts to understand the results of operations of ON Semiconductor's core businesses and to compare our results of operations on a more consistent basis against that of other companies in our industry.