



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Quarter Ended		
	April 1, 2011	December 31, 2010	April 2, 2010
Revenues	\$ 870.6	\$ 579.2	\$ 550.2
Cost of revenues	628.2	341.6	322.1
Gross profit	242.4	237.6	228.1
Gross margin	27.8%	41.0%	41.5%
Operating expenses:			
Research and development	91.1	59.4	65.2
Selling and marketing	49.4	38.0	35.6
General and administrative	47.1	31.9	31.5
Amortization of acquisition-related intangible assets	9.7	7.9	7.8
Restructuring, asset impairments and other, net	12.4	3.5	3.8
Goodwill and intangibles asset impairment charges	-	16.1	-
Total operating expenses	209.7	156.8	143.9
Operating income	32.7	80.8	84.2
Other income (expenses), net:			
Interest expense	(17.8)	(16.4)	(16.4)
Interest income	0.3	0.1	0.1
Other	(0.2)	0.1	(2.8)
Gain on SANYO Semiconductor acquisition	61.3	-	-
Other expenses, net	43.6	(16.2)	(19.1)
Income before income taxes	76.3	64.6	65.1
Income tax provision	(0.8)	(3.4)	(1.4)
Net income	75.5	61.2	63.7
Net income attributable to minority interest	(0.7)	(0.2)	(0.7)
Net income attributable to ON Semiconductor Corporation	\$ 74.8	\$ 61.0	\$ 63.0
Net income per common share attributable to ON Semiconductor Corporation:			
Basic:	\$ 0.17	\$ 0.14	\$ 0.15
Diluted:	\$ 0.16	\$ 0.14	\$ 0.14
Weighted average common shares outstanding:			
Basic	441.4	434.2	428.1
Diluted:	456.0	447.5	440.9

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ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Quarter Ended April 1, 2011		
	SANYO		
	ONNN	Semiconductor ⁽¹⁾	Combined
Revenues	\$ 592.5	\$ 278.1	\$ 870.6
Cost of revenues	354.5	273.7	628.2
Gross profit	238.0	4.4	242.4
Gross margin	40.2%	1.6%	27.8%
Operating expenses:			
Research and development	64.6	26.5	91.1
Selling and marketing	38.6	10.8	49.4
General and administrative	38.6	8.5	47.1
Amortization of acquisition related intangible assets	8.3	1.4	9.7
Restructuring, asset impairments and other, net	-	12.4	12.4
Total operating expenses	150.1	59.6	209.7
Operating income (loss)	87.9	(55.2)	32.7
Other income (expenses), net:			
Interest expense	(17.8)	-	(17.8)
Interest income	0.1	0.2	0.3
Other	0.5	(0.7)	(0.2)
Gain on SANYO Semiconductor acquisition	-	61.3	61.3
Other expenses, net	(17.2)	60.8	43.6
Income before income taxes	70.7	5.6	76.3
Income tax provision	(0.6)	(0.2)	(0.8)
Net income	70.1	5.4	75.5
Net income attributable to minority interest	(0.7)	-	(0.7)
Net income attributable to ON Semiconductor Corporation	\$ 69.4	\$ 5.4	\$ 74.8
Net income per common share			
attributable to ON Semiconductor Corporation:			
Basic:	\$ 0.16	\$ 0.01	\$ 0.17
Diluted:	\$ 0.15	\$ 0.01	\$ 0.16
Weighted average common shares outstanding:			
Basic	441.4	441.4	441.4
Diluted:	456.0	456.0	456.0

⁽¹⁾ The SANYO Semiconductor unaudited statement of operations above does not include the allocation of certain operating expenses. We have provided the table above for informational purposes only.

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET

(in millions)

	April 1, 2011	December 31, 2010	April 2, 2010
Assets			
Cash and cash equivalents	\$ 766.0	\$ 623.3	\$ 560.7
Receivables, net	576.3	294.6	298.9
Inventories	767.5	360.8	297.6
Other current assets	121.7	63.6	48.4
Deferred income taxes, net of allowances	16.4	15.7	14.6
Total current assets	<u>2,247.9</u>	<u>1,358.0</u>	<u>1,220.2</u>
Restricted cash	-	142.1	0.2
Property, plant and equipment, net	1,061.3	864.3	741.6
Deferred income taxes, net of allowances	62.3	-	-
Goodwill	199.2	191.2	191.7
Intangible assets, net	370.7	303.0	330.6
Other assets	75.4	60.6	61.5
Total assets	<u>\$ 4,016.8</u>	<u>\$ 2,919.2</u>	<u>\$ 2,545.8</u>
Liabilities, Minority Interests and Stockholders' Equity			
Accounts payable	\$ 527.8	\$ 256.9	\$ 204.7
Accrued expenses	197.5	162.6	141.6
Income taxes payable	7.2	5.1	2.9
Accrued interest	4.5	0.8	4.6
Deferred income on sales to distributors	169.5	149.5	109.1
Deferred income taxes, net of allowances	62.8	-	-
Current portion of long-term debt	176.8	136.0	111.3
Total current liabilities	<u>1,146.1</u>	<u>710.9</u>	<u>574.2</u>
Long-term debt	1,095.2	752.8	823.5
Other long-term liabilities	244.2	49.3	45.0
Deferred income taxes, net of allowances	21.6	18.2	15.4
Total liabilities	<u>2,507.1</u>	<u>1,531.2</u>	<u>1,458.1</u>
ON Semiconductor Corporation stockholders' equity:			
Common stock	4.9	4.9	4.8
Additional paid-in capital	3,069.5	3,016.1	2,939.9
Accumulated other comprehensive loss	(58.7)	(59.1)	(65.1)
Accumulated deficit	(1,139.1)	(1,213.9)	(1,441.4)
Less: treasury stock, at cost	(389.6)	(382.0)	(370.8)
Total ON Semiconductor Corporation stockholders' equity	<u>1,487.0</u>	<u>1,366.0</u>	<u>1,067.4</u>
Minority interest in consolidated subsidiaries	22.7	22.0	20.3
Total equity	<u>1,509.7</u>	<u>1,388.0</u>	<u>1,087.7</u>
Total liabilities and equity	<u>\$ 4,016.8</u>	<u>\$ 2,919.2</u>	<u>\$ 2,545.8</u>

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

(in millions)

	Quarter Ended		
	April 1, 2011	December 31, 2010	April 2, 2010
Net income	\$ 75.5	\$ 61.2	\$ 63.7
Plus:			
Depreciation and amortization	52.8	44.5	39.7
Interest expense	17.8	16.4	16.4
Interest income	(0.3)	(0.1)	(0.1)
Income tax provision	0.8	3.4	1.4
Net income attributable to minority interest	(0.7)	(0.2)	(0.7)
Non-cash impairment charges	-	16.1	-
Restructuring, asset impairments and other, net	12.4	3.5	3.8
Non-cash manufacturing expenses	50.0	-	-
Gain on SANYO Semiconductor acquisition	(61.3)	-	-
Expensing of appraised inventory fair market value step up	20.3	0.6	3.1
Adjusted EBITDA*	167.3	145.4	127.3
Increase (decrease):			
Interest expense	(17.8)	(16.4)	(16.4)
Interest income	0.3	0.1	0.1
Income tax provision	(0.8)	(3.4)	(1.4)
Net income attributable to minority interest	0.7	0.2	0.7
Restructuring, asset impairments, and other, net	(12.4)	(3.5)	(3.8)
Expensing of appraised inventory fair market value step up	(20.3)	(0.6)	(3.1)
Stock compensation expense	10.4	11.2	13.7
Gain on sale or disposal of fixed assets	(2.1)	(1.7)	(2.1)
Amortization of debt issuance costs and debt discount	0.6	0.6	0.7
Provision for excess inventories	1.7	7.3	(1.1)
Non-cash interest expense	8.7	8.4	8.7
Deferred income taxes	3.2	(2.7)	2.3
Other	(1.0)	(0.3)	(1.0)
Changes in operating assets and liabilities	(12.9)	15.2	(15.1)
Net cash provided by operating activities	\$ 125.6	\$ 159.8	\$ 109.5

* 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 means to evaluate period-to-period comparisons and as a performance metric for the vesting/releasing of certain of our performance based equity awards, and for earning of corporate cash bonuses when applicable. 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. 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 non-GAAP financial measures used by our company or other companies, even if they have similar names.

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ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES

(in millions, except per share and percentage data)

	Quarter Ended		
	April 1, 2011	December 31, 2010	April 2, 2010
Reconciliation of GAAP gross profit to non-GAAP gross profit:			
GAAP gross profit	\$ 242.4	\$ 237.6	\$ 228.1
Special items:			
a) Expensing of appraised inventory fair market value step up	20.3	0.6	3.1
b) Non-cash manufacturing expenses and amortization of intangibles	50.6	0.6	0.6
Total Special items	70.9	1.2	3.7
Non-GAAP gross profit	<u>\$ 313.3</u>	<u>\$ 238.8</u>	<u>\$ 231.8</u>
Reconciliation of GAAP gross margin to non-GAAP gross margin:			
GAAP gross margin	27.8%	41.0%	41.5%
Special items:			
a) Expensing of appraised inventory fair market value step up	2.3%	0.1%	0.6%
b) Non-cash manufacturing expenses and amortization of intangibles	5.8%	0.1%	0.1%
Total Special items	8.1%	0.2%	0.7%
Non-GAAP gross margin	<u>36.0%</u>	<u>41.2%</u>	<u>42.1%</u>
Reconciliation of GAAP net income (loss) to non-GAAP net income:			
GAAP net income attributable to ON Semiconductor Corporation	\$ 74.8	\$ 61.0	\$ 63.0
Special items:			
a) Expensing of appraised inventory fair market value step up - cost of revenues	20.3	0.6	3.1
b) Non-cash manufacturing expenses and amortization of intangibles - cost of revenues	50.6	0.6	0.6
c) Amortization of acquisition related intangible assets - operating expenses	9.7	7.9	7.8
d) Restructuring, asset impairments and other, net	12.4	3.5	3.8
e) Goodwill and intangible impairment	-	16.1	-
f) Gain on SANYO Semiconductor acquisition	(61.3)	-	-
g) SANYO Semiconductor acquisition related costs	7.3	-	-
h) Non-cash interest expense	8.7	8.4	8.7
i) Cash taxes	(1.3)	1.1	(1.7)
Total Special items	46.4	38.2	22.3
Non-GAAP net income	<u>\$ 121.2</u>	<u>\$ 99.2</u>	<u>\$ 85.3</u>
Non-GAAP net income per share:			
Basic	\$ 0.27	\$ 0.23	\$ 0.20
Diluted	\$ 0.27	\$ 0.22	\$ 0.19
Weighted average common shares outstanding:			
Basic	441.4	434.2	428.1
Diluted:	456.0	447.5	440.9

Total share-based compensation expense, related to the Company's stock options, restricted stock units, restricted stock awards and employee stock purchase plan is included below.

	Quarter Ended		
	April 1, 2011	December 31, 2010	April 2, 2010
Cost of revenues	\$ 1.9	\$ 3.0	\$ 3.3
Research and development	2.0	2.4	2.5
Selling and marketing	1.9	2.2	2.6
General and administrative	4.6	3.6	5.3
Total share-based compensation expense	<u>\$ 10.4</u>	<u>\$ 11.2</u>	<u>\$ 13.7</u>

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 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 repayment, 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, for cast 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 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 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 repayment, 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 they are 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.

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ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES

(in millions, except per share and percentage data)

	Quarter Ended April 1, 2011		
	ONNN	SANYO Semiconductor	Total
Reconciliation of GAAP gross profit to non-GAAP gross profit:			
GAAP gross profit	\$ 238.0	\$ 4.4	\$ 242.4
Special items:			
a) Expensing of appraised inventory fair market value step up	1.0	19.3	20.3
b) Non-cash manufacturing expenses and amortization of intangibles	0.6	50.0	50.6
Total Special items	1.6	69.3	70.9
Non-GAAP gross profit	<u>\$ 239.6</u>	<u>\$ 73.7</u>	<u>\$ 313.3</u>
Reconciliation of GAAP gross margin to non-GAAP gross margin:			
GAAP gross margin	40.2%	1.6%	27.8%
Special items:			
a) Expensing of appraised inventory fair market value step up	0.2%	6.9%	2.3%
b) Non-cash manufacturing expenses and amortization of intangibles	0.1%	18.0%	5.8%
Total Special items	0.3%	24.9%	8.1%
Non-GAAP gross margin	<u>40.4%</u>	<u>26.5%</u>	<u>36.0%</u>
Reconciliation of GAAP net income (loss) to non-GAAP net income:			
GAAP net income attributable to ON Semiconductor Corporation	\$ 69.4	\$ 5.4	\$ 74.8
Special items:			
a) Expensing of appraised inventory fair market value step up - cost of revenues	1.0	19.3	20.3
b) Non-cash manufacturing expenses and amortization of intangibles - cost of revenues	0.6	50.0	50.6
c) Amortization of acquisition related intangible assets - operating expenses	8.3	1.4	9.7
d) Restructuring, asset impairments and other, net	-	12.4	12.4
e) Gain on SANYO Semiconductor acquisition	-	(61.3)	(61.3)
f) SANYO Semiconductor related acquisition costs	7.3	-	7.3
g) Non-cash interest expense	8.7	-	8.7
h) Cash taxes	(1.3)	-	(1.3)
Total Special items	24.6	21.8	46.4
Non-GAAP net income	<u>\$ 94.0</u>	<u>\$ 27.2</u>	<u>\$ 121.2</u>
Non-GAAP net income per share:			
Basic	\$ 0.21	\$ 0.06	\$ 0.27
Diluted	<u>\$ 0.21</u>	<u>\$ 0.06</u>	<u>\$ 0.27</u>
Weighted average common shares outstanding:			
Basic	441.4	441.4	441.4
Diluted:	<u>456.0</u>	<u>456.0</u>	<u>456.0</u>

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 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, to recast 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 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 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.