



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED STATEMENTS OF OPERATIONS

(in millions, except per share data)

	Quarter Ended			Nine Months Ended	
	October 3, 2003	July 4, 2003	September 27 2002 ⁽¹⁾	October 3, 2003 ⁽²⁾	September 27 2002 ⁽¹⁾
Total revenues	\$ 264.8	\$ 256.2	\$ 273.6	\$ 790.5	\$ 825.2
Cost of sales	190.7	182.8	194.6	568.6	602.2
Gross profit	74.1	73.4	79.0	221.9	223.0
Operating expenses:					
Research and development	16.6	17.0	16.9	51.3	50.4
Selling and marketing	14.8	15.6	14.9	46.5	44.7
General and administrative	19.0	21.1	23.8	61.4	79.7
Amortization of intangibles	-	2.9	3.0	5.9	9.0
Restructuring, asset impairments and other	(3.3)	34.6	-	31.3	10.2
Total operating expenses	47.1	91.2	58.6	196.4	194.0
Operating income (loss)	27.0	(17.8)	20.4	25.5	29.0
Other income (expenses), net:					
Interest expense	(37.8)	(38.5)	(37.6)	(114.7)	(111.2)
Loss on debt prepayment	(2.9)	-	-	(6.4)	(6.5)
Other income (expenses), net	(40.7)	(38.5)	(37.6)	(121.1)	(117.7)
Loss before income taxes, minority interests and cumulative effect of accounting change	(13.7)	(56.3)	(17.2)	(95.6)	(88.7)
Provision for income taxes	(1.8)	(2.3)	(3.2)	(6.3)	(11.3)
Minority interests	(0.8)	1.1	(0.1)	(0.9)	(2.3)
Net loss before cumulative effect of accounting change	(16.3)	(57.5)	(20.5)	(102.8)	(102.3)
Cumulative effect of accounting change	-	-	-	(21.5)	-
Net loss	(16.3)	(57.5)	(20.5)	(124.3)	(102.3)
Less: Redeemable preferred stock dividends	(2.3)	(2.2)	(2.1)	(6.7)	(6.3)
Net loss applicable to common stock	\$ (18.6)	\$ (59.7)	\$ (22.6)	\$ (131.0)	\$ (108.6)
Basic:					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.10)	\$ (0.34)	\$ (0.13)	\$ (0.62)	\$ (0.62)
Cumulative effect of accounting change	-	-	-	(0.12)	-
Net loss applicable to common stock	\$ (0.10)	\$ (0.34)	\$ (0.13)	\$ (0.74)	\$ (0.62)
Diluted:					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.10)	\$ (0.34)	\$ (0.13)	\$ (0.62)	\$ (0.62)
Cumulative effect of accounting change	-	-	-	(0.12)	-
Net loss applicable to common stock	\$ (0.10)	\$ (0.34)	\$ (0.13)	\$ (0.74)	\$ (0.62)
Weighted average common shares outstanding:					
Basic	179.5	176.8	175.8	177.5	175.4
Diluted	179.5	176.8	175.8	177.5	175.4

⁽¹⁾ Amounts have been revised from those previously reported to reflect the consolidation of our majority-owned investment in Leshan Phoenix Semiconductor and the reclassification of loss on debt prepayment (which occurred in the second quarter of 2002) from extraordinary loss to other income (expense). Both changes are based on recent guidance from the Financial Accounting Standards Board.

⁽²⁾ Includes the cumulative effect of the accounting change relating to actuarial gains and losses associated with our defined benefit pension obligations effective January 1, 2003.

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions)

	October 3, 2003	July 4, 2003	December 31, 2002⁽¹⁾
	(unaudited)	(unaudited)	
Assets			
Cash and cash equivalents	\$ 183.6	\$ 181.2	\$ 190.4
Receivables, net	152.4	130.1	115.4
Inventories, net	172.4	175.6	163.5
Other current assets	35.2	32.8	39.4
Deferred income taxes	7.2	7.4	6.4
Total current assets	550.8	527.1	515.1
Property, plant and equipment, net	519.9	532.7	585.3
Deferred income taxes	1.9	-	-
Goodwill	77.3	77.3	77.3
Intangible assets, net	-	-	26.7
Other assets	39.5	40.2	39.0
Total assets	\$ 1,189.4	\$ 1,177.3	\$ 1,243.4
Liabilities, Minority Interests, Redeemable Preferred Stock and Stockholders' Deficit			
Accounts payable	\$ 121.4	\$ 113.0	\$ 74.1
Accrued expenses	92.7	83.7	100.6
Income taxes payable	19.2	16.8	11.0
Accrued interest	22.2	27.9	43.6
Deferred income on sales to distributors	64.4	64.3	70.8
Current portion of long-term debt	23.9	24.9	19.8
Total current liabilities	343.8	330.6	319.9
Long-term debt	1,269.0	1,416.7	1,403.4
Other long-term liabilities	37.5	40.1	42.9
Deferred income taxes	-	0.7	2.2
Total liabilities	1,650.3	1,788.1	1,768.4
Minority interests in consolidated subsidiaries	26.2	25.4	27.0
Redeemable preferred stock	116.8	114.5	110.1
Common stock	2.2	1.8	1.8
Additional paid-in capital	892.0	733.8	737.4
Accumulated other comprehensive income	(6.8)	(11.3)	(34.3)
Accumulated deficit	(1,491.3)	(1,475.0)	(1,367.0)
Total stockholders' deficit	(603.9)	(750.7)	(662.1)
Total liabilities, minority interests, redeemable preferred stock and stockholders' deficit	\$ 1,189.4	\$ 1,177.3	\$ 1,243.4

⁽¹⁾ Amounts have been revised from those previously reported to reflect the consolidation of our majority-owned investment in Leshan Phoenix Semiconductor based on recent guidance from the Financial Accounting Standards Board.

ON Semiconductor Third Quarter 2003 Financial Statements

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

(in millions)

	Quarter Ended			Nine Months Ended	
	October 3, 2003	July 4, 2003	September 27 2002 ⁽¹⁾	October 3, 2003 ⁽²⁾	September 27 2002 ⁽¹⁾
Net loss	\$ (16.3)	\$ (57.5)	\$ (20.5)	\$ (124.3)	\$ (102.3)
Plus:					
Depreciation and amortization	28.0	36.6	36.9	100.6	111.0
Interest expense, net of interest income	37.8	38.5	37.6	114.7	111.2
Provision for income taxes	1.8	2.3	3.2	6.3	11.3
EBITDA ⁽³⁾	51.3	19.9	57.2	97.3	131.2
Increase (decrease):					
Interest expense, net of interest income	(37.8)	(38.5)	(37.6)	(114.7)	(111.2)
Provision for income taxes	(1.8)	(2.3)	(3.2)	(6.3)	(11.3)
Write off of debt issuance costs	2.5	-	-	6.0	6.5
Amortization of debt issuance costs and debt discount	2.3	2.4	2.1	6.9	5.7
Provision for excess inventories	2.1	2.3	1.7	8.4	16.4
Cumulative effect of accounting change	-	-	-	21.5	-
Non-cash impairment write-down of property, plant and equipment	-	10.5	3.0	10.5	11.4
Non-cash interest on junior subordinated note payable to Motorola	3.3	3.2	3.0	9.8	8.6
Non-cash impairment write-down of intangible asset	-	20.8	-	20.8	-
Deferred income taxes	(2.3)	-	(0.7)	(4.8)	3.9
Stock compensation expense	-	-	-	0.1	1.3
Other	(3.6)	1.3	0.2	(0.4)	3.2
Changes in operating assets and liabilities	(14.8)	(7.5)	(3.9)	(37.2)	(31.4)
Net cash provided by operating activities	\$ 1.2	\$ 12.1	\$ 21.8	\$ 17.9	\$ 34.3

⁽¹⁾ Amounts have been revised from those previously reported to reflect the consolidation of our majority-owned investment in Leshan Phoenix Semiconductor based on recent guidance from the Financial Accounting Standards Board.

⁽²⁾ Includes the cumulative effect of the accounting change relating to actuarial gains and losses associated with our defined benefit pension obligations effective January 1, 2003.

⁽³⁾ EBITDA represents net income (loss) before interest expense, provision for income taxes and depreciation and amortization expense. While EBITDA is not intended to represent net cash provided by operating activities as defined by generally accepted accounting principles and should not be considered as an indicator of operating performance or an alternative to cash flow as a measure of liquidity, we believe this measure is useful to investors to assess our ability to meet our future debt service, capital expenditure and working capital requirements. This calculation may differ in method of calculation from similarly titled measures used by other companies. The table above sets forth our EBITDA with a reconciliation to net cash provided by operating activities, the most directly comparable financial measure under generally accepted accounting principles.