



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED STATEMENTS OF OPERATIONS

(in millions, except share data)

	Quarter Ended			Year Ended	
	December 31, 2003	October 3, 2003	December 31, 2002	December 31, 2003	December 31, 2002
Total revenues	\$ 278.6	\$ 264.8	\$ 268.5	\$ 1,069.1	\$ 1,093.7
Cost of sales	200.2	190.7	193.7	768.8	795.9
Gross profit	78.4	74.1	74.8	300.3	297.8
Operating expenses:					
Research and development	20.6	16.6	17.5	71.9	67.9
Selling and marketing	16.5	14.8	16.5	63.0	61.2
General and administrative	16.4	19.0	22.4	77.8	102.1
Amortization of goodwill and other intangibles	-	-	2.9	5.9	11.9
Restructuring, asset impairments and other	29.9	(3.3)	17.5	61.2	27.7
Total operating expenses	83.4	47.1	76.8	279.8	270.8
Operating income (loss)	(5.0)	27.0	(2.0)	20.5	27.0
Other income (expenses), net:					
Interest expense, net	(34.4)	(37.8)	(38.3)	(149.1)	(149.5)
Equity in earnings of joint ventures	-	-	(0.6)	-	(0.6)
Loss on debt prepayment	(1.3)	(2.9)	-	(7.7)	(6.5)
Other income (expenses), net	(35.7)	(40.7)	(38.9)	(156.8)	(156.6)
Loss before income taxes, minority interests, and cumulative effect of accounting change	(40.7)	(13.7)	(40.9)	(136.3)	(129.6)
(Provision) benefit for income taxes	(1.4)	(1.8)	1.8	(7.7)	(9.5)
Minority interests	(0.3)	(0.8)	(0.5)	(1.2)	(2.8)
Net loss before cumulative effect of accounting change	(42.4)	(16.3)	(39.6)	(145.2)	(141.9)
Cumulative effect of accounting change, net of tax	-	-	-	(21.5)	-
Net loss	(42.4)	(16.3)	(39.6)	(166.7)	(141.9)
Less: Accretion for increase in redemption value of redeemable preferred stock	(0.5)	-	-	(0.5)	-
Less: Redeemable preferred stock dividends	(2.4)	(2.3)	(2.2)	(9.2)	(8.5)
Net loss applicable to common stock	<u>\$ (45.3)</u>	<u>\$ (18.6)</u>	<u>\$ (41.8)</u>	<u>\$ (176.4)</u>	<u>\$ (150.4)</u>
Basic:					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.21)	\$ (0.10)	\$ (0.24)	\$ (0.83)	\$ (0.86)
Cumulative effect of accounting change	-	-	-	(0.11)	-
Net loss applicable to common stock	<u>\$ (0.21)</u>	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>	<u>\$ (0.94)</u>	<u>\$ (0.86)</u>
Diluted:					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.21)	\$ (0.10)	\$ (0.24)	\$ (0.83)	\$ (0.86)
Cumulative effect of accounting change	-	-	-	(0.11)	-
Net loss applicable to common stock	<u>\$ (0.21)</u>	<u>\$ (0.10)</u>	<u>\$ (0.24)</u>	<u>\$ (0.94)</u>	<u>\$ (0.86)</u>
Weighted average common shares outstanding:					
Basic	216.9	179.5	176.1	187.4	175.6
Diluted	216.9	179.5	176.1	187.4	175.6

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions)

	December 31, 2003 (unaudited)	October 3, 2003 (unaudited)	December 31, 2002
Assets			
Cash and cash equivalents	\$ 186.6	\$ 183.6	\$ 190.4
Receivables, net	136.1	152.4	115.4
Inventories, net	171.6	172.4	163.5
Other current assets	25.7	35.2	39.4
Deferred income taxes	3.8	7.2	6.4
Total current assets	523.8	550.8	515.1
Property, plant and equipment, net	499.1	519.9	585.3
Deferred income taxes	0.2	1.9	-
Goodwill, net	77.3	77.3	77.3
Intangible asset, net	-	-	26.7
Other assets	44.1	39.5	39.0
Total assets	<u>\$ 1,144.5</u>	<u>\$ 1,189.4</u>	<u>\$ 1,243.4</u>
Liabilities, Minority Interests, Redeemable Preferred Stock and Stockholders' Deficit			
Accounts payable	\$ 115.7	\$ 121.4	\$ 74.1
Accrued expenses	89.9	92.7	100.6
Income taxes payable	14.2	19.2	11.0
Accrued interest	25.3	22.2	43.6
Deferred income on sales to distributors	66.2	64.4	70.8
Current portion of long-term debt	11.4	23.9	19.8
Total current liabilities	322.7	343.8	319.9
Long-term debt	1,291.5	1,269.0	1,403.4
Other long-term liabilities	28.8	37.5	42.9
Deferred income taxes	-	-	2.2
Total liabilities	1,643.0	1,650.3	1,768.4
Minority interests in consolidated subsidiaries	26.4	26.2	27.0
Redeemable preferred stock	119.7	116.8	110.1
Common stock	2.2	2.2	1.8
Additional paid-in capital	891.3	892.0	737.4
Accumulated other comprehensive income	(4.4)	(6.8)	(34.3)
Accumulated deficit	(1,533.7)	(1,491.3)	(1,367.0)
Total stockholders' deficit	(644.6)	(603.9)	(662.1)
Total liabilities, minority interests, redeemable preferred stock and stockholders' deficit	<u>\$ 1,144.5</u>	<u>\$ 1,189.4</u>	<u>\$ 1,243.4</u>

ON Semiconductor Fourth Quarter and 2003 Annual 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			Year Ended	
	December 31, 2003	October 3, 2003	December 31, 2002 ⁽¹⁾	December 31, 2003 ⁽²⁾	December 31, 2002 ⁽¹⁾
Net loss	\$ (42.4)	\$ (16.3)	\$ (39.6)	\$ (166.7)	\$ (141.9)
Increase (decrease):					
Depreciation and amortization	27.2	28.0	37.0	127.8	148.0
Interest expense, net	34.4	37.8	38.3	149.1	149.5
Income tax provision (benefit)	1.4	1.8	(1.8)	7.7	9.5
EBITDA ⁽³⁾	20.6	51.3	33.9	117.9	165.1
Increase (decrease):					
Interest expense, net	(34.4)	(37.8)	(38.3)	(149.1)	(149.5)
Income tax (provision) benefit	(1.4)	(1.8)	1.8	(7.7)	(9.5)
Loss on debt prepayment	1.3	2.9	-	7.7	6.5
Amortization of debt issuance costs and debt discount	1.8	2.3	2.4	8.7	8.1
Provision for excess inventories	1.0	2.1	(0.4)	9.4	16.0
Cumulative effect of accounting change	-	-	-	21.5	-
Non-cash impairment write-down of property, plant and equipment	20.2	-	1.0	30.7	12.4
Non-cash impairment of other long-lived assets	4.3	-	-	25.1	-
Non-cash interest on junior subordinated note payable to Motorola	3.2	3.3	3.1	13.0	11.7
Deferred income taxes	5.1	(2.3)	3.2	0.3	7.1
Stock compensation expense	-	-	3.2	0.1	4.5
Other	1.0	(3.6)	(0.2)	0.6	3.0
Changes in operating assets and liabilities	5.1	(15.2)	2.4	(32.5)	(29.0)
Net cash provided by operating activities	<u>\$ 27.8</u>	<u>\$ 1.2</u>	<u>\$ 12.1</u>	<u>\$ 45.7</u>	<u>\$ 46.4</u>

⁽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 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.