



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS
(in millions, except per share data)

	Quarter Ended			Six Months Ended	
	July 2, 2004	April 2, 2004	July 4, 2003	July 2, 2004	July 4, 2003
Revenues	\$ 333.5	\$ 308.2	\$ 256.2	\$ 641.7	525.7
Cost of revenues	221.1	212.3	182.3	433.4	377.0
Gross profit	112.4	95.9	73.9	208.3	148.7
Operating expenses:					
Research and development	25.0	23.5	20.4	48.5	41.5
Selling and marketing	19.9	18.4	15.6	38.3	31.7
General and administrative	18.5	17.2	18.7	35.7	38.3
Amortization of intangible asset	-	-	2.9	-	5.9
Restructuring, asset impairments and other, net	0.9	13.1	34.6	14.0	34.6
Total operating expenses	64.3	72.2	92.2	136.5	152.0
Operating income (loss)	48.1	23.7	(18.3)	71.8	(3.3)
Other income (expenses), net:					
Interest expense	(23.8)	(34.3)	(39.0)	(58.1)	(78.1)
Interest income	0.6	0.4	0.5	1.0	1.2
Realized and unrealized foreign currency gains and losses	1.0	(1.7)	0.5	(0.7)	1.8
Loss on debt prepayment	(27.4)	(33.0)	-	(60.4)	(3.5)
Other income (expenses), net	(49.6)	(68.6)	(38.0)	(118.2)	(78.6)
Loss before income taxes, minority interests and cumulative effect of accounting change	(1.5)	(44.9)	(56.3)	(46.4)	(81.9)
Provision for income taxes	(1.6)	(1.6)	(2.3)	(3.2)	(4.5)
Minority interests	(0.4)	(1.1)	1.1	(1.5)	(0.1)
Loss before cumulative effect of accounting change	(3.5)	(47.6)	(57.5)	(51.1)	(86.5)
Cumulative effect of accounting change	-	-	-	-	(21.5)
Net loss	(3.5)	(47.6)	(57.5)	(51.1)	(108.0)
Less: Accretion to redemption value of convertible redeemable preferred stock	0.1	(1.8)	-	(1.7)	-
Less: Redeemable preferred stock dividends	(2.4)	(2.4)	(2.2)	(4.8)	(4.4)
Net loss applicable to common stock ⁽¹⁾	\$ (5.8)	\$ (51.8)	\$ (59.7)	\$ (57.6)	\$ (112.4)
Loss per common share:					
Basic: ⁽¹⁾⁽²⁾					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.02)	\$ (0.23)	\$ (0.34)	\$ (0.24)	\$ (0.51)
Cumulative effect of accounting change	-	-	-	-	(0.12)
Net loss applicable to common stock	\$ (0.02)	\$ (0.23)	\$ (0.34)	\$ (0.24)	\$ (0.64)
Diluted: ⁽¹⁾⁽²⁾					
Net loss applicable to common stock before cumulative effect of accounting change	\$ (0.02)	\$ (0.23)	\$ (0.34)	\$ (0.24)	\$ (0.51)
Cumulative effect of accounting change	-	-	-	-	(0.12)
Net loss applicable to common stock	\$ (0.02)	\$ (0.23)	\$ (0.34)	\$ (0.24)	\$ (0.64)
Weighted average common shares outstanding:					
Basic	253.3	229.5	176.8	239.6	176.6
Diluted	253.3	229.5	176.8	239.6	176.6

⁽¹⁾ Effective in the second quarter of 2004 and pursuant to EITF 03-6, under the two-class method of calculating earnings per share in periods in which we generate income, we will allocate net income available to common stockholders on a pro-rata basis between our common and preferred stockholders. Given our capital structure, this new standard has the effect of lowering our earnings per share when compared with our previous method of calculating earnings per share.

⁽²⁾ Certain amounts may not total due to the rounding of individual components.

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET
(in millions)

	<u>July 2, 2004</u>	<u>April 2, 2004</u>	<u>December 31, 2003</u>
Assets			
Cash and cash equivalents	\$ 257.7	\$ 221.4	\$ 186.6
Receivables, net	161.0	153.4	136.1
Inventories, net	197.3	183.8	171.6
Other current assets	26.5	32.5	25.7
Deferred income taxes	3.5	3.1	2.7
Total current assets	<u>646.0</u>	<u>594.2</u>	<u>522.7</u>
Property, plant and equipment, net	490.1	497.2	499.1
Deferred income taxes	2.0	1.7	1.3
Goodwill	77.3	77.3	77.3
Other assets	46.7	43.0	61.0
Total assets	<u>\$ 1,262.1</u>	<u>\$ 1,213.4</u>	<u>\$ 1,161.4</u>
Liabilities, Minority Interests, Redeemable Preferred Stock and Stockholders' Deficit			
Accounts payable	\$ 125.0	\$ 126.5	\$ 115.7
Accrued expenses	108.1	102.7	89.9
Income taxes payable	3.2	1.7	1.7
Accrued interest	10.2	16.1	25.3
Deferred income on sales to distributors	98.7	81.1	66.2
Current portion of long-term debt	47.0	15.3	11.4
Total current liabilities	<u>392.2</u>	<u>343.4</u>	<u>310.2</u>
Long-term debt	1,127.0	1,125.9	1,291.5
Other long-term liabilities	57.9	56.9	58.2
Total liabilities	<u>1,577.1</u>	<u>1,526.2</u>	<u>1,659.9</u>
Minority interests in consolidated subsidiaries	25.7	26.4	26.4
Redeemable preferred stock	126.2	123.9	119.7
Common stock	2.5	2.5	2.2
Additional paid-in capital	1,117.0	1,118.2	891.3
Accumulated other comprehensive loss	(1.6)	(2.5)	(4.4)
Accumulated deficit	(1,584.8)	(1,581.3)	(1,533.7)
Total stockholders' deficit	<u>(466.9)</u>	<u>(463.1)</u>	<u>(644.6)</u>
Total liabilities, minority interests, redeemable preferred stock and stockholders' deficit	<u>\$ 1,262.1</u>	<u>\$ 1,213.4</u>	<u>\$ 1,161.4</u>

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

(in millions)

	Quarter Ended			Six Months Ended	
	July 2, 2004	April 2, 2004	July 4, 2003	July 2, 2004	July 4, 2003
Net loss	\$ (3.5)	\$ (47.6)	\$ (57.5)	\$ (51.1)	\$ (108.0)
Plus:					
Depreciation and amortization	24.8	26.3	36.6	51.1	72.6
Interest expense	23.8	34.3	39.0	58.1	78.1
Interest income	(0.6)	(0.4)	(0.5)	(1.0)	(1.2)
Income tax provision	1.6	1.6	2.3	3.2	4.5
EBITDA*	46.1	14.2	19.9	60.3	46.0
Increase (decrease):					
Interest expense	(23.8)	(34.3)	(39.0)	(58.1)	(78.1)
Interest income	0.6	0.4	0.5	1.0	1.2
Income tax provision	(1.6)	(1.6)	(2.3)	(3.2)	(4.5)
Loss on sale of fixed assets	-	12.1	-	12.1	-
Loss on debt prepayment	27.4	33.0	-	60.4	3.5
Amortization of debt issuance costs and debt discount	1.8	1.9	2.4	3.7	4.6
Provision for excess inventories	1.6	-	2.3	1.6	6.3
Cumulative effect of accounting change	-	-	-	-	21.5
Non-cash impairment of property, plant and equipment	-	-	10.5	-	10.5
Non-cash write down of intangible asset	-	-	20.8	-	20.8
Non-cash interest on junior subordinated note payable to Motorola	3.5	3.5	3.2	7.0	6.5
Deferred income taxes	(0.7)	(0.8)	-	(1.5)	(2.5)
Stock compensation expense	-	-	-	-	0.1
Other	0.8	1.2	1.3	2.0	3.2
Changes in operating assets and liabilities	(2.8)	3.2	(7.5)	0.4	(22.4)
Net cash provided by operating activities	<u>\$ 52.9</u>	<u>\$ 32.8</u>	<u>\$ 12.1</u>	<u>\$ 85.7</u>	<u>\$ 16.7</u>

*EBITDA represents net income (loss) before interest expense, interest income, provision for income taxes, depreciation and amortization expense. While EBITDA is not intended to represent cash flow from operations 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.