



ON Semiconductor®

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS

(in millions, except per share data)

	Quarter Ended			Nine Months Ended	
	October 1, 2004	July 2, 2004	October 3, 2003	October 1, 2004	October 3, 2003
Revenues	\$ 318.4	\$ 333.5	\$ 264.8	\$ 960.1	790.5
Cost of revenues	215.4	221.1	191.2	648.8	568.2
Gross profit	103.0	112.4	73.6	311.3	222.3
Operating expenses:					
Research and development	22.9	25.0	20.0	71.4	61.5
Selling and marketing	18.6	19.9	14.8	56.9	46.5
General and administrative	18.0	18.5	15.6	53.7	53.9
Amortization of intangible asset	-	-	-	-	5.9
Restructuring, asset impairments and other, net	-	0.9	(3.3)	14.0	31.3
Total operating expenses	59.5	64.3	47.1	196.0	199.1
Operating income	43.5	48.1	26.5	115.3	23.2
Other income (expenses), net:					
Interest expense	(22.0)	(23.8)	(38.1)	(80.1)	(116.2)
Interest income	0.6	0.6	0.3	1.6	1.5
Realized and unrealized foreign currency gains (losses)	(1.4)	1.0	0.5	(2.1)	2.3
Loss on debt prepayment	(3.0)	(27.4)	(2.9)	(63.4)	(6.4)
Other income (expenses), net	(25.8)	(49.6)	(40.2)	(144.0)	(118.8)
Income (loss) before income taxes, minority interests and cumulative effect of accounting change	17.7	(1.5)	(13.7)	(28.7)	(95.6)
Income tax provision	(1.6)	(1.6)	(1.8)	(4.8)	(6.3)
Minority interests	(0.4)	(0.4)	(0.8)	(1.9)	(0.9)
Income (loss) before cumulative effect of accounting change	15.7	(3.5)	(16.3)	(35.4)	(102.8)
Cumulative effect of accounting change	-	-	-	-	(21.5)
Net income (loss)	15.7	(3.5)	(16.3)	(35.4)	(124.3)
Less: Accretion to redemption value of convertible redeemable preferred stock	0.1	0.1	-	(1.6)	-
Less: Redeemable preferred stock dividends	(2.5)	(2.4)	(2.3)	(7.3)	(6.7)
Less: Allocation of undistributed earnings to preferred stockholders	(2.0)	-	-	-	-
Net income (loss) applicable to common stock ⁽¹⁾	\$ 11.3	\$ (5.8)	\$ (18.6)	\$ (44.3)	\$ (131.0)
Income (loss) per common share:					
Basic: ⁽¹⁾⁽²⁾					
Net income (loss) applicable to common stock before cumulative effect of accounting change	\$ 0.04	\$ (0.02)	\$ (0.10)	\$ (0.18)	\$ (0.62)
Cumulative effect of accounting change	-	-	-	-	(0.12)
Net income (loss) applicable to common stock	\$ 0.04	\$ (0.02)	\$ (0.10)	\$ (0.18)	\$ (0.74)
Diluted: ⁽¹⁾⁽²⁾					
Net income (loss) applicable to common stock before cumulative effect of accounting change	\$ 0.04	\$ (0.02)	\$ (0.10)	\$ (0.18)	\$ (0.62)
Cumulative effect of accounting change	-	-	-	-	(0.12)
Net income (loss) applicable to common stock	\$ 0.04	\$ (0.02)	\$ (0.10)	\$ (0.18)	\$ (0.74)
Weighted average common shares outstanding:					
Basic	253.9	253.3	179.5	245.6	177.5
Diluted	259.4	253.3	179.5	245.6	177.5

⁽¹⁾ Effective in the second quarter of 2004 and pursuant to EITF 03-6, under the two-class method of calculating basic 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 basic earnings per share when compared with our previous method of calculating basic 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>October 1, 2004</u>	<u>July 2, 2004</u>	<u>December 31, 2003</u>
Assets			
Cash and cash equivalents	\$ 231.8	\$ 257.7	\$ 186.6
Receivables, net	151.7	161.0	136.1
Inventories, net	204.9	197.3	171.6
Other current assets	25.5	26.5	25.7
Deferred income taxes	4.4	3.5	2.7
Total current assets	<u>618.3</u>	<u>646.0</u>	<u>522.7</u>
Property, plant and equipment, net	479.8	490.1	499.1
Deferred income taxes	1.6	2.0	1.3
Goodwill	77.3	77.3	77.3
Other assets	43.7	46.7	61.0
Total assets	<u>\$ 1,220.7</u>	<u>\$ 1,262.1</u>	<u>\$ 1,161.4</u>
Liabilities, Minority Interests, Redeemable Preferred Stock and Stockholders' Deficit			
Accounts payable	\$ 110.1	\$ 125.0	\$ 115.7
Accrued expenses	100.8	108.1	89.9
Income taxes payable	4.0	3.2	1.7
Accrued interest	10.6	10.2	25.3
Deferred income on sales to distributors	109.5	98.7	66.2
Current portion of long-term debt	13.1	47.0	11.4
Total current liabilities	<u>348.1</u>	<u>392.2</u>	<u>310.2</u>
Long-term debt	1,126.5	1,127.0	1,291.5
Other long-term liabilities	43.6	57.9	58.2
Total liabilities	<u>1,518.2</u>	<u>1,577.1</u>	<u>1,659.9</u>
Minority interests in consolidated subsidiaries	26.1	25.7	26.4
Redeemable preferred stock	128.6	126.2	119.7
Common stock	2.5	2.5	2.2
Additional paid-in capital	1,115.8	1,117.0	891.3
Accumulated other comprehensive loss	(1.4)	(1.6)	(4.4)
Accumulated deficit	(1,569.1)	(1,584.8)	(1,533.7)
Total stockholders' deficit	<u>(452.2)</u>	<u>(466.9)</u>	<u>(644.6)</u>
Total liabilities, minority interests, redeemable preferred stock and stockholders' deficit	<u>\$ 1,220.7</u>	<u>\$ 1,262.1</u>	<u>\$ 1,161.4</u>

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

(in millions)

	Quarter Ended			Nine Months Ended	
	October 1, 2004	July 2, 2004	October 3, 2003	October 1, 2004	October 3, 2003
Net income (loss)	\$ 15.7	\$ (3.5)	\$ (16.3)	\$ (35.4)	\$ (124.3)
Plus:					
Depreciation and amortization	25.5	24.8	28.0	76.6	100.6
Interest expense	22.0	23.8	38.1	80.1	116.2
Interest income	(0.6)	(0.6)	(0.3)	(1.6)	(1.5)
Income tax provision	1.6	1.6	1.8	4.8	6.3
EBITDA*	64.2	46.1	51.3	124.5	97.3
Increase (decrease):					
Interest expense	(22.0)	(23.8)	(38.1)	(80.1)	(116.2)
Interest income	0.6	0.6	0.3	1.6	1.5
Income tax provision	(1.6)	(1.6)	(1.8)	(4.8)	(6.3)
Loss on sale of fixed assets	-	-	(4.6)	12.1	(3.2)
Loss on debt prepayment	3.0	27.4	2.9	63.4	6.4
Amortization of debt issuance costs and debt discount	1.8	1.8	2.3	5.5	6.9
Provision for excess inventories	5.3	1.6	2.1	6.9	8.4
Cumulative effect of accounting change	-	-	-	-	21.5
Non-cash impairment of property, plant and equipment	-	-	-	-	10.5
Non-cash write down of intangible asset	-	-	-	-	20.8
Non-cash interest on junior subordinated note payable to Motorola	3.6	3.5	3.3	10.6	9.8
Deferred income taxes	(0.5)	(0.7)	(2.3)	(2.0)	(4.8)
Stock compensation expense	0.2	-	-	0.2	0.1
Other	0.6	0.8	1.0	2.6	2.8
Changes in operating assets and liabilities	(24.7)	(2.8)	(15.2)	(24.3)	(37.6)
Net cash provided by operating activities	<u>\$ 30.5</u>	<u>\$ 52.9</u>	<u>\$ 1.2</u>	<u>\$ 116.2</u>	<u>\$ 17.9</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.