



ON Semiconductor®

**ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS**

(in millions, except per share data)

	Quarter Ended			Year Ended	
	December 31, 2005	September 30, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Revenues	\$ 341.8	\$ 313.6	\$ 306.8	\$ 1,260.6	\$ 1,266.9
Cost of revenues	222.1	209.5	208.2	842.1	857.0
Gross profit	119.7	104.1	98.6	418.5	409.9
Operating expenses:					
Research and development	23.7	23.9	23.0	93.7	94.4
Selling and marketing	21.1	20.0	16.9	79.3	73.2
General and administrative	18.9	17.8	18.5	74.6	72.2
Restructuring, asset impairments and other, net	(0.8)	0.2	5.6	3.3	19.6
Total operating expenses	62.9	61.9	64.0	250.9	260.0
Operating income	56.8	42.2	34.6	167.6	149.9
Other income (expenses), net:					
Interest expense	(15.4)	(16.1)	(21.1)	(61.5)	(101.2)
Interest income	1.7	1.7	0.6	5.5	2.2
Other	(0.6)	(0.8)	(2.1)	(3.0)	(4.2)
Loss on debt prepayment	-	-	(96.3)	-	(159.7)
Other income (expenses), net	(14.3)	(15.2)	(118.9)	(59.0)	(262.9)
Income (loss) before income taxes, minority interests and cumulative effect of accounting change	42.5	27.0	(84.3)	108.6	(113.0)
Income tax benefit (provision)	4.8	(2.5)	(2.6)	(1.5)	(7.4)
Minority interests	(0.6)	(1.0)	(1.4)	(3.6)	(3.3)
Income (loss) before cumulative effect of accounting change	46.7	23.5	(88.3)	103.5	(123.7)
Cumulative effect of accounting change, net of income taxes <sup>(3)</sup>	(2.9)	-	-	(2.9)	-
Net income (loss)	43.8	23.5	(88.3)	100.6	(123.7)
Less: Accretion to redemption value of convertible redeemable preferred stock	0.7	0.1	0.1	1.0	(1.5)
Less: Convertible redeemable preferred stock dividends	(1.3)	(2.7)	(2.6)	(9.2)	(9.9)
Less: Dividend from inducement shares issued upon conversion of convertible redeemable preferred stock	(20.4)	-	-	(20.4)	-
Less: Allocation of undistributed earnings to preferred shareholders	(1.6)	(3.3)	-	(9.7)	-
Net income (loss) applicable to common stock <sup>(1)</sup>	\$ 21.2	\$ 17.6	\$ (90.8)	\$ 62.3	\$ (135.1)
Income (loss) per common share:					
Basic: <sup>(1)</sup>					
Net income (loss) applicable to common stock before cumulative effect of accounting change	\$ 0.08	\$ 0.07	\$ (0.36)	\$ 0.25	\$ (0.55)
Cumulative effect of accounting change	(0.01)	-	-	(0.01)	-
Net income (loss) applicable to common stock	\$ 0.07	\$ 0.07	\$ (0.36)	\$ 0.24	\$ (0.55)
Diluted: <sup>(1)(2)</sup>					
Net income (loss) applicable to common stock before cumulative effect of accounting change	\$ 0.08	\$ 0.06	\$ (0.36)	\$ 0.22	\$ (0.55)
Cumulative effect of accounting change	(0.01)	-	-	(0.01)	-
Net income (loss) applicable to common stock	\$ 0.07	\$ 0.06	\$ (0.36)	\$ 0.21	\$ (0.55)
Weighted average common shares outstanding:					
Basic	286.6	256.1	254.5	263.3	247.8
Diluted: <sup>(2)</sup>	320.7	290.7	254.5	296.8	247.8

(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 lowering our basic earnings per share when compared with our previous method of calculating basic earnings per share.

(2) Pursuant to the adoption of EITF 04-8, the diluted weighted average common shares outstanding for the quarter and year ended December 31, 2005 includes 26.5 million shares from the assumed conversion of our zero coupon convertible notes.

(3) The cumulative effect of accounting change for the quarter and year ended December 31, 2005 resulted from our adoption of FASB Interpretation No. 47 "Accounting for Conditional Asset Retirement Obligations—An Interpretation of FASB Statement No. 143".

**ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEET**

(in millions)

	<b>December 31, 2005</b>	<b>September 30, 2005</b>	<b>December 31, 2004</b>
<b>Assets</b>			
Cash, cash equivalents and short-term investments	\$ 233.3	\$ 272.3	\$ 185.7
Receivables, net	160.2	162.5	131.5
Inventories, net	169.5	172.7	193.4
Other current assets	29.9	24.4	23.6
Deferred income taxes	7.4	3.9	2.8
Total current assets	<u>600.3</u>	<u>635.8</u>	<u>537.0</u>
Property, plant and equipment, net	438.5	433.9	472.0
Goodwill	77.3	77.3	77.3
Other assets	32.4	23.5	23.8
Total assets	<u>\$ 1,148.5</u>	<u>\$ 1,170.5</u>	<u>\$ 1,110.1</u>
<b>Liabilities, Minority Interests, Redeemable Preferred Stock and Stockholders' Deficit</b>			
Accounts payable	\$ 137.3	\$ 103.3	\$ 104.4
Accrued expenses	83.9	105.0	100.4
Income taxes payable	5.5	6.4	2.4
Accrued interest (1)	0.6	3.4	1.2
Deferred income on sales to distributors	97.1	100.5	96.7
Current portion of long-term debt	47.9	19.5	20.0
Total current liabilities	<u>372.3</u>	<u>338.1</u>	<u>325.1</u>
Long-term debt (1)	1,019.1	1,115.4	1,131.8
Other long-term liabilities	31.4	33.1	32.2
Deferred income taxes	1.2	0.8	2.3
Total liabilities	<u>1,424.0</u>	<u>1,487.4</u>	<u>1,491.4</u>
Minority interests in consolidated subsidiaries	24.8	26.4	25.4
Redeemable preferred stock	-	138.7	131.1
Common stock	3.1	2.6	2.5
Additional paid-in capital	1,252.7	1,113.0	1,116.0
Accumulated other comprehensive income	0.7	3.0	1.1
Accumulated deficit	(1,556.8)	(1,600.6)	(1,657.4)
Total stockholders' deficit	<u>(300.3)</u>	<u>(482.0)</u>	<u>(537.8)</u>
Total liabilities, minority interests, redeemable preferred stock and stockholders' deficit	<u>\$ 1,148.5</u>	<u>\$ 1,170.5</u>	<u>\$ 1,110.1</u>

- (1) During the fourth quarter of 2005, we repaid our 10% Junior Subordinated Note due 2011 and reclassified \$2.6 million previously reported as long-term debt to accrued interest as of September 30, 2005 to reflect our intent to repay the note.

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

(in millions)

	Quarter Ended			Year Ended	
	December 31, 2005	September 30, 2005	December 31, 2004	December 31, 2005	December 31, 2004
Net income (loss)	\$ 43.8	\$ 23.5	\$ (88.3)	\$ 100.6	\$ (123.7)
Plus:					
Depreciation and amortization	24.1	25.0	25.5	99.0	102.1
Interest expense	15.4	16.1	21.1	61.5	101.2
Interest income	(1.7)	(1.7)	(0.6)	(5.5)	(2.2)
Income tax provision	(4.8)	2.5	2.6	1.5	7.4
EBITDA*	<u>76.8</u>	<u>65.4</u>	<u>(39.7)</u>	<u>257.1</u>	<u>84.8</u>
Increase (decrease):					
Interest expense	(15.4)	(16.1)	(21.1)	(61.5)	(101.2)
Interest income	1.7	1.7	0.6	5.5	2.2
Income tax provision (benefit)	4.8	(2.5)	(2.6)	(1.5)	(7.4)
Loss (gain) on sale or disposal of fixed assets	0.7	0.1	0.7	0.8	12.8
Non-cash portion of loss on debt prepayment <sup>(1)</sup>	-	-	26.2	-	45.7
Amortization of debt issuance costs and debt discount	0.4	0.4	1.8	1.7	7.3
Provision for excess inventories	4.3	2.7	4.2	13.2	11.1
Cumulative effect of accounting change	3.2	-	-	3.2	-
Non-cash impairment write-down of property, plant and equipment	-	-	3.3	-	3.3
Non-cash interest on junior subordinated note payable	-	1.3	3.7	9.1	14.3
Deferred income taxes	(3.3)	2.0	5.5	(5.9)	3.5
Stock compensation expense	-	-	-	-	0.2
Other	2.0	1.4	1.3	5.3	3.4
Changes in operating assets and liabilities	<u>(29.0)</u>	<u>(7.7)</u>	<u>(17.3)</u>	<u>(33.9)</u>	<u>(41.6)</u>
Net cash provided by (used in) operating activities <sup>(1)</sup>	<u>\$ 46.2</u>	<u>\$ 48.7</u>	<u>\$ (33.4)</u>	<u>\$ 193.1</u>	<u>\$ 38.4</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.

(1) For the year and quarter ended December 31, 2004, respectively, amounts have been revised to exclude the cash portion of the loss on debt prepayments from the adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities.