UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended April 3, 2009

Or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

(Commission File Number) 000-30419

ON SEMICONDUCTOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**36-3840979**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5005 E. McDowell Road
Phoenix, AZ 85008
(602) 244-6600
(Address and telephone number, including area code, of principal executive offices)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

The number of shares outstanding of the issuer’s class of common stock as of the close of business on May 1, 2009:

Title of Each Class	Number of Shares
Common Stock, par value $0.01 per share	**420,352,950**

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(in millions, except share and per share data)
(unaudited)

	April 3, 2009	December 31, 2008
Assets		
Cash and cash equivalents	$ 402.4	$ 458.7
Receivables, net	192.6	188.8
Inventories, net	299.2	335.5
Other current assets	47.2	55.5
Deferred income taxes	13.2	12.0
Total current assets	954.6	1,050.5
Property, plant and equipment, net	744.9	770.8
Goodwill	160.4	160.2
Intangible assets, net	314.4	333.4
Other assets	36.7	44.6
Total assets	$ 2,211.0	$ 2,359.5
Liabilities and Stockholders' Equity		
Accounts payable	$ 134.5	$ 178.2
Accrued expenses	127.9	138.4
Income taxes payable	5.1	4.1
Accrued interest	5.0	1.3
Deferred income on sales to distributors	100.9	114.1
Current portion of long-term debt	86.6	107.9
Total current liabilities	460.0	544.0
Long-term debt	844.3	901.9
Other long-term liabilities	45.9	48.1
Deferred income taxes	12.0	10.0
Total liabilities	1,362.2	1,504.0
Commitments and contingencies (See Note 11)		
ON Semiconductor Corporation stockholders' equity:		
Common stock ($0.01 par value, 750,000,000 shares authorized, 466,319,811 and 457,542,365 shares issued, 420,243,896 and 411,675,289 shares outstanding respectively)	4.7	4.6
Additional paid-in capital	2,853.2	2,810.7
Accumulated other comprehensive loss	(68.6)	(53.6)
Accumulated deficit	(1,599.3)	(1,565.4)
Less: treasury stock, at cost; 46,075,915 and 45,867,076 shares, respectively	(358.9)	(358.1)
Total ON Semiconductor Corporation stockholders' equity	831.1	838.2
Minority interests in consolidated subsidiaries	17.7	17.3
Total stockholders' equity	848.8	855.5
Total liabilities and stockholders' equity	$ 2,211.0	$ 2,359.5

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
AND COMPREHENSIVE INCOME
(in millions, except per share data)
(unaudited)

	Quarter Ended	
	April 3, 2009	March 28, 2008
Revenues	$379.1	$ 421.9
Cost of revenues	267.0	275.3
Gross profit	112.1	146.6
Operating expenses:		
Research and development	43.6	40.3
Selling and marketing	29.0	25.8
General and administrative	27.3	23.8
In-process research and development	—	17.7
Amortization of acquisition-related intangible assets	7.2	2.4
Restructuring, asset impairments and other, net	9.6	5.8
Total operating expenses	116.7	115.8
Operating income (loss)	(4.6)	30.8
Other income (expenses), net:		
Interest expense	(17.7)	(19.1)
Interest income	0.4	2.0
Other	(2.2)	(1.9)
Loss on debt repurchase	(2.2)	—
Other income (expenses), net	(21.7)	(19.0)
Income (loss) before income taxes	(26.3)	11.8
Income tax provision	(7.2)	(1.1)
Net income (loss)	(33.5)	10.7
Net income (loss) attributable to minority interests	(0.4)	0.3
Net income (loss) attributable to ON Semiconductor Corporation	$ (33.9)	$ 11.0
Comprehensive income (loss):		
Net (loss) income	$ (33.5)	$ 10.7
Foreign currency translation adjustments	(15.1)	6.4
Effects of cash flow hedge	0.1	0.1
Comprehensive (loss) income	(48.5)	17.2
Comprehensive (loss) income attributable to minority interest	(0.4)	0.3
Comprehensive income (loss) attributable to ON Semiconductor Corporation	$ (48.9)	$ 17.5
Net income (loss) per common share attributable to ON Semiconductor Corporation:		
Basic	$ (0.08)	$ 0.04
Diluted	$ (0.08)	$ 0.04
Weighted average common shares outstanding:		
Basic	413.6	306.8
Diluted	413.6	309.3

See accompanying notes to consolidated financial statements.

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ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)
(unaudited)

	Quarter Ended April 3, 2009	Quarter Ended March 28, 2008
Cash flows from operating activities:		
Net income (loss)	$ (33.5)	$ 10.7
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	39.7	27.9
Gain on sale and disposal of fixed assets	(1.3)	(2.3)
Non-cash portion of loss on debt repurchase	0.5	—
Amortization of debt issuance costs and debt discount	0.9	1.0
Provision for excess inventories	7.6	2.5
Non-cash impairment charges	—	2.2
Non-cash write-off of in-process research and development	—	17.7
Non-cash stock compensation expense	12.7	6.7
Non-cash interest	9.9	9.8
Deferred income taxes	0.3	(0.6)
Other	(0.3)	—
Changes in assets and liabilities (exclusive of the impact of acquisitions):		
Receivables	(3.9)	13.2
Inventories	28.6	5.5
Other assets	12.7	8.1
Accounts payable	(26.3)	12.8
Accrued expenses	(9.9)	12.9
Income taxes payable	1.1	(0.5)
Accrued interest	3.7	6.5
Deferred income on sales to distributors	(13.3)	1.1
Other long-term liabilities	(0.5)	1.7
Net cash provided by operating activities	28.7	136.9
Cash flows from investing activities:		
Purchases of property, plant and equipment	(22.3)	(15.5)
Deposits utilized for purchases of property, plant and equipment	0.2	0.1
Proceeds from sales of property, plant and equipment	—	38.6
Purchases of businesses, net of cash acquired	—	161.6
Net cash provided by (used in) investing activities	(22.1)	184.8
Cash flows from financing activities:		
Proceeds from issuance of common stock under the employee stock purchase plan	1.0	—
Proceeds from exercise of stock options	0.4	0.6
Dividend to minority shareholder of consolidated subsidiary	—	(1.5)
Payment of capital lease obligation	(6.2)	(7.4)
Purchase of treasury stock	(0.8)	(0.5)
Repayment of long-term debt	(56.8)	(280.8)
Net cash used in financing activities	(62.4)	(289.6)
Effect of exchange rate changes on cash and cash equivalents	(0.5)	1.2
Net increase (decreases) in cash and cash equivalents	(56.3)	33.3
Cash and cash equivalents, beginning of period	458.7	274.6
Cash and cash equivalents, end of period	$ 402.4	$ 307.9
Supplementary disclosure of non-cash investing and financing activities		
Common stock issuance for purchase of business	$ —	$ 928.6
Common stock issuance for debt repurchase	$ 28.5	$ —

See accompanying notes to consolidated financial statements.

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ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Background and Basis of Presentation

ON Semiconductor Corporation, together with its wholly and majority-owned subsidiaries (the "Company"), is a global supplier of power, analog, digital signal processing, mixed-signal, advanced logic, data management semiconductors, memory and standard semiconductor components and is engaged in designing, manufacturing and marketing integrated circuits worldwide.

On August 4, 1999, the Company was recapitalized and certain related transactions were effected pursuant to an agreement among ON Semiconductor Corporation, its principal domestic operating subsidiary, Semiconductor Components Industries, LLC ("SCI LLC"), Motorola Inc. ("Motorola") and affiliates of Texas Pacific Group ("TPG"). Prior to its August 4, 1999 recapitalization (the "recapitalization"), the Company was a wholly-owned subsidiary of Motorola. Because TPG did not acquire substantially all of the Company's common stock, the basis of the Company's assets and liabilities for financial reporting purposes was not impacted by the recapitalization. During 2007, TPG sold all of its remaining shares of our common stock and ceased being our principal stockholder.

On March 17, 2008, the Company completed the purchase of AMIS Holdings, Inc., a Delaware corporation ("AMIS"), whereby AMIS became a wholly-owned subsidiary of the Company (see Note 5: "Acquisitions" for further discussion).

On October 10, 2008, the Company completed the purchase of Catalyst Semiconductor, Inc., a Delaware corporation ("Catalyst"), whereby Catalyst became a wholly-owned subsidiary of the Company (see Note 5: "Acquisitions" for further discussion).

The accompanying unaudited financial statements as of April 3, 2009, and for the three months ended April 3, 2009 and March 28, 2008, respectively, have been prepared in accordance with generally accepted accounting principles for interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for audited financial statements. In the opinion of the Company's management, the interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. The year-end balance sheet data was derived from audited financial statements (except for the effect of the adoption of SFAS No. 160 and FSP APB 14-1 as described in Note 4), but does not include all disclosures required by accounting principles generally accepted in the United States of America. The footnote disclosures related to the interim financial information included herein are also unaudited. Such financial information should be read in conjunction with the consolidated financial statements and related notes thereto for the year ended December 31, 2008, included in the Company's annual report on Form 10-K.

Note 2: Liquidity

The Company's long-term debt is due at various times ranging from 2009 to 2026 depending on the debt instrument (see Note 8: "Long-Term Debt"). The Company's long-term debt agreements also include various covenants which the Company was in compliance with as of April 3, 2009 and expects to remain in compliance over the next twelve months. The Company's ability to service its long-term debt, to remain in compliance with the various covenants and restrictions contained in these financing agreements and to fund working capital, capital expenditures and business development efforts will depend on its ability to generate cash from operating activities which is subject to, among other things, its future operating performance as well as general economic, financial, competitive, legislative, regulatory and other conditions, many of which may be beyond its control. Management believes that cash flows from operating activities coupled with existing cash balances will be adequate to fund the Company’s operating and capital needs through at least April 3, 2010. This expectation assumes the benefits of cost savings initiatives which have been announced and begun. To the extent that results or events differ from the Company’s financial projections or business plans, its liquidity may be adversely impacted.

Note 3: Significant Accounting Policies

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company, as well as its wholly-owned and majority-owned subsidiaries. Investments in companies that represent less than 20% of the related voting stock where the Company does not have the ability to exert significant influence are accounted for on the cost basis. All material intercompany accounts and transactions have been eliminated.

Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates have been used by management in conjunction with the measurement of valuation allowances relating to trade and tax receivables, inventories and deferred tax assets; reserves for customer incentives, warranties, restructuring charges, goodwill impairment charges and pension obligations; the fair values of stock options and of financial instruments (including derivative financial instruments); and future cash flows associated with long-lived assets. Actual results could differ from these estimates.

Cash and cash equivalents

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Cash and cash equivalents are maintained with reputable major financial institutions. If, due to current economic conditions, one or more of the financial institutions with which the Company maintains deposits fails, the Company’s cash and cash equivalents may be at risk. Deposits with these banks may exceed the amount of insurance provided on such deposits; however, these deposits typically may be redeemed upon demand and, therefore, bear minimal risk.

Allowance for Doubtful Accounts

In the normal course of business, the Company provides unsecured credit terms to its customers. Accordingly, the Company maintains an allowance for doubtful accounts for possible losses on uncollectible accounts receivable. The Company routinely analyzes accounts receivable and considers history, customer creditworthiness, facts and circumstances specific to outstanding balances, current economic trends, and payment term changes when evaluating adequacy of the allowance for doubtful accounts. For uncollectible accounts receivable, the Company records a loss against the allowance for doubtful accounts only after exhaustive efforts have been made to collect and with management’s approval. Generally, realized losses have been within the range of management’s expectations.

Inventories

Inventories not related to an acquisition are stated at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or market. The Company records provisions for slow moving inventories based upon a regular analysis of inventory on hand compared to historical and projected end user demand. These provisions can influence results from operations. For example, when demand for a given part falls all or a portion of the related inventory is reserved, impacting cost of revenues and gross profit. If demand recovers and the parts previously reserved are sold, a higher than normal margin will generally be recognized. General market conditions, as well as the Company's design activities, can cause certain of its products to become obsolete.

Inventory obtained through the purchase of a business, such as the acquisition of AMIS and Catalyst, are stated at the lower of cost or market. These inventories are initially recorded using management estimates to determine the fair value of inventory as of the acquisition date. The methodology involves stepping up the value of acquired finished goods and work-in-process from cost to expected sales value less variable costs to dispose. At each respective acquisition date, the total increase in inventory value related to recording it at fair value for the Catalyst acquisition, AMIS acquisition and acquisition of the voltage regulation and thermal monitoring products for its computing and applications business ("PTC Business") from Analog Devices, Inc. and its subsidiaries ("ADI") were $11.5 million, $72.8 million and $3.1 million, respectively. As this inventory is shipped to customers, it will significantly decrease the gross margin reported on those future sales until the inventory is completely sold. For the quarters ended April 3, 2009 and March 28, 2008 approximately $3.1 million and $9.9 million, respectively of inventory step up has been recognized as an expense in the statement of operations, as cost of revenues.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost and are depreciated over estimated useful lives of 30-50 years for buildings and 3-20 years for machinery and equipment using accelerated and straight-line methods. Expenditures for maintenance and repairs are charged to operations in the year in which the expense is incurred. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in operations in the period realized.

The Company evaluates the recoverability of the carrying amount of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. An impairment charge is recognized when the undiscounted expected cash flows derived from an asset are less than its carrying amount. Impairment losses are measured as the amount by which the carrying value of an asset exceeds its fair value and are recognized in operating results. Judgment is used when applying these impairment rules to determine the timing of the impairment test, the undiscounted cash flows used to assess impairments and the fair value of an impaired asset. The dynamic economic environment in which the Company operates and the resulting assumptions used to estimate future cash flows impact the outcome of these impairment tests.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the Company's acquisition of (i) Cherry Semiconductor Corporation ("Cherry"), (ii) an additional interest in its investment in Leshan-Phoenix Semiconductor Company ("Leshan"), (iii) AMIS and (iv) Catalyst (see Note 5: "Acquisitions" for further discussion). When the Company adopted Statement of Financial Accounting Standards ("SFAS" No. 142, "Goodwill and Other Intangible Assets" ("SFAS No. 142") issued by the Financial Accounting Standards Board ("FASB"), the net carrying value of the Cherry goodwill was $77.3 million, which included $18.4 million of accumulated amortization.

Under Statement of SFAS No. 142, goodwill is evaluated for potential impairment on an annual basis or whenever events or circumstances indicate that impairment may have occurred. SFAS No. 142 requires that goodwill be tested for impairment using a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the estimated fair value of the reporting unit containing goodwill with the related carrying amount. If the estimated fair value of the reporting unit exceeds its carrying amount, the reporting unit's goodwill is not considered to be impaired and the second step of the impairment test is unnecessary. If the reporting unit's carrying amount exceeds its estimated fair value, the second step of the test must be performed to measure the amount of the goodwill impairment loss, if any. The second step of the test compares the implied fair value of the reporting unit's goodwill, determined in the same manner as the amount of goodwill recognized in a business combination, with the carrying amount of such goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of that goodwill, an impairment loss is recognized in an amount equal to that excess. The Company performs its annual impairment analysis as of the first day of the fourth quarter of each year. Adverse changes in operating results and/or unfavorable changes in economic factors used to estimate fair values could result in a non-cash impairment charge in the future under SFAS No. 142.

The Company has determined that its product families, which are components of its operating segments, constitute reporting units for purposes of allocating and testing goodwill under SFAS No. 142, because they are one level below the operating segments, they constitute individual business as defined in EITF No. 98-3, "Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business" and the Company's segment management regularly reviews the operating results of each product family. As of each acquisition date, all goodwill was assigned to the product families that were expected to benefit from the synergies of the respective acquisition. The amount of goodwill assigned to each reporting unit was the difference between the fair value of the reporting unit and the fair value of identifiable assets and liabilities allocated to the reporting unit as of the acquisition date. The Company determined the fair value of a reporting unit using the income approach, which is based on the present value of estimated future cash flows using management's assumptions and forecasts as of the acquisition date.

A reconciliation of the cost of the goodwill from each of the above acquisition transactions to the carrying value as of April 3, 2009 and December 31, 2008 for each reporting unit that contains goodwill, is as follows, in millions:

Acquisition	Operating Segment	Reporting Unit	April 3, 2009 Original Cost	Accumulated Amortization	Cumulative Purchase Price Adjustments	Cumulative Foreign Currency Translation Adjustment	Cumulative Goodwill Impairment Charge	Carrying Value
Cherry acquisition:								
	Automotive & Power Group:							
		Analog Automotive	$ 21.8	$ (4.2)	$ —	$ —	$ —	$ 17.6
	Computing & Consumer Products:							
		Power Switching	1.4	(0.3)	—	—	(1.1)	—
		Signal & Interface	29.1	(5.6)	—	—	—	23.5
		AC-DC Conversion	36.2	(7.0)	—	—	(29.2)	—
		Low Voltage	7.2	(1.3)	—	—	(5.9)	—
ADI PTC business acquisition:								
	Computing & Consumer Products:							
		Power Switching	91.3	—	0.7	—	(92.0)	—
Leshan additional interest:								
	Standard Products:							
		Small Signal	3.8	—	—	—	—	3.8
AMIS acquisition:								
	Digital & Mixed—signal Product Group:							
		Industrial	258.5	—	(2.1)	(17.7)	(214.7)	24.0
		Foundry	158.4	—	(1.3)	(10.9)	(131.4)	14.8
		Medical	85.4	—	(0.2)	(5.5)	(59.9)	19.8
		Integrated Sensor Products	11.0	—	—	(0.7)	(10.3)	—
		Military/Aerospace	45.9	—	(0.1)	(1.0)	—	44.8
Catalyst acquisition:								
	Standard Products:							
		Memory Products	11.2	—	0.9	—	—	12.1
			$761.2	$ (18.4)	$ (2.1)	$ (35.8)	$ (544.5)	$ 160.4

Acquisition	Operating Segment	Reporting Unit	December 31, 2008 Original Cost	Accumulated Amortization	Cumulative Purchase Price Adjustments	Cumulative Foreign Currency Translation Adjustment	Cumulative Goodwill Impairment Charge	Carrying Value
Cherry acquisition:								
	Automotive & Power Group:							
		Analog Automotive	$ 21.8	$ (4.2)	$ —	$ —	$ —	$ 17.6
	Computing & Consumer Products:							
		Power Switching	1.4	(0.3)	—	—	(1.1)	—
		Signal & Interface	29.1	(5.6)	—	—	—	23.5
		AC-DC Conversion	36.2	(7.0)	—	—	(29.2)	—
		Low Voltage	7.2	(1.3)	—	—	(5.9)	—
ADI PTC business acquisition:								
	Computing & Consumer Products:							
		Power Switching	91.3	—	0.7	—	(92.0)	—
Leshan additional interest:								
	Standard Products:							
		Small Signal	3.8	—	—	—	—	3.8
AMIS acquisition:								
	Digital & Mixed—signal Product Group:							
		Industrial	258.5	—	(2.1)	(17.7)	(214.7)	24.0
		Foundry	158.4	—	(1.3)	(10.9)	(131.4)	14.8
		Medical	85.4	—	(0.2)	(5.5)	(59.9)	19.8
		Integrated Sensor Products	11.0	—	—	(0.7)	(10.3)	—
		Military/Aerospace	45.9	—	(0.1)	(1.0)	—	44.8
Catalyst acquisition:								
	Standard Products:							
		Memory Products	11.2	—	0.7	—	—	11.9
			$761.2	$ (18.4)	$ (2.3)	$ (35.8)	$ (544.5)	$ 160.2

Intangible Assets

Intangible assets consist of values assigned to intellectual property, assembled workforce, customer relationships, non-compete agreements, patents, developed technology and trademarks resulting from the purchase of (i) LSI Logic Corporation’s (“LSI”) Gresham, Oregon wafer fabrication facility, (ii) ADI’s PTC Business, (iii) AMIS, and (iv) Catalyst. (see Note 5: “Acquisitions” for further discussion). These are stated at cost less accumulated amortization and are amortized over their economic useful life ranging from 2 to 18 years using the straight-line method and are reviewed for impairment when facts or circumstances suggest that the carrying value of these assets may not be recoverable.

Intangible assets, net were as follows as of April 3, 2009 and December 31, 2008 (in millions):

	April 3, 2009				
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (3.7)	$ —	$ 10.2	5-12
Assembled workforce	6.7	(3.8)	—	2.9	5
Customer relationships	241.3	(19.5)	(27.2)	194.6	5-18
Non-compete agreements	0.5	(0.1)	—	0.4	1-3
Patents	16.7	(1.8)	—	14.9	12
Developed technology	87.1	(7.0)	—	80.1	5-12
Trademarks	11.0	(0.5)	—	10.5	15
Acquired software	1.0	(0.2)		0.8	2
Total intangibles	$378.2	$ (36.6)	$ (27.2)	$ 314.4	

	December 31, 2008				
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (3.4)	$ —	$ 10.5	5-12
Assembled workforce	6.7	(3.5)	—	3.2	5
Customer relationships	241.3	(14.7)	(16.0)	210.6	5-18
Non-compete agreements	0.5	(0.1)	—	0.4	1-3
Patents	16.7	(1.4)	—	15.3	12
Developed technology	87.1	(5.2)	—	81.9	5-12
Trademarks	11.0	(0.4)	—	10.6	15
Acquired software	1.0	(0.1)		0.9	2
Total intangibles	$378.2	$ (28.8)	$ (16.0)	$ 333.4	

Amortization expense for intangible assets amounted to $7.8 million for the quarter ended April 3, 2009, of which $0.6 million was included in cost of revenues, and $3.0 million for the quarter ended March 28, 2008, of which $0.6 million was included in cost of revenues. Amortization expense for intangible assets is expected to be as follows over the next five years, and thereafter (in millions):

	Intellectual Property	Assembled Workforce	Customer Relationships Assets	Non-compete Agreements	Patents	Developed Technology	Trademarks	Software	Total
Remainder of 2009	$ 1.4	$ 1.0	$ 14.2	$ 0.2	$ 1.0	$ 5.9	$ 0.7	$ 0.4	$ 24.8
2010	1.7	1.3	19.0	0.2	1.4	7.7	0.8	0.4	32.5
2011	1.7	0.6	19.0		1.4	7.7	0.8		31.2
2012	1.7		19.0	—	1.4	7.7	0.8		30.6
2013	1.7	—	19.0	—	1.4	7.7	0.8		30.6
Thereafter	2.0	—	104.4	—	8.3	43.4	6.6		164.7
Total estimated amortization expense	$ 10.2	$ 2.9	$ 194.6	$ 0.4	$ 14.9	$ 80.1	$ 10.5	$ 0.8	$314.4

Debt Issuance Costs

Debt issuance costs are capitalized and amortized over the term of the underlying agreements using the effective interest method. Upon prepayment of debt, the related unamortized debt issuance costs are charged to expense (see Note 8: “Long-Term Debt”). Amortization of debt issuance costs is included in interest expense while the unamortized balance is included in other assets. Capitalized debt issuance costs totaled $12.7 million and $14.1 million at April 3, 2009 and December 31, 2008, respectively.

Revenue Recognition

The Company generates revenue from sales of its semiconductor products to original equipment manufacturers, electronic manufacturing service providers and distributors. The Company also generates revenue, although to a much lesser extent, from manufacturing services provided to customers. The Company recognizes revenue on sales to original equipment manufacturers and electronic manufacturing service providers and sales of manufacturing services, net of provisions for related sales returns and allowances, when persuasive evidence of an arrangement exists, title and risk of loss pass to the customer (which is generally upon shipment), the price is fixed or determinable and collectability is reasonably assured. Title to products sold to distributors typically passes at the time of shipment by the Company so the Company records accounts receivable for the amount of the transaction, reduces its inventory for the products shipped and defers the related margin in its consolidated balance sheet. The Company recognizes the related revenue and cost of revenues when it is informed by the distributor that they have resold the products to the end user. As a result of the Company's inability to reliably estimate up front the effects of the returns and allowances with these distributors, the Company defers the related revenue and margin on sales to distributors. Although payment terms vary, most distributor agreements require payment within 30 days.

Taxes assessed by government authorities on revenue-producing transactions, including value added and excise taxes, are presented on a net basis (excluded from revenues) in the statement of operations.

Sales returns and allowances are estimated based on historical experience. The Company's original equipment manufacturer customers do not have the right to return products other than pursuant to the provisions of the Company's standard warranty. Sales to distributors, however, are typically made pursuant to agreements that provide return rights with respect to discontinued or slow-moving products. Under the Company's general agreements, distributors are allowed to return any product that has been removed from the price book. In addition, agreements with distributors typically contain standard stock rotation provisions permitting limited levels of product returns. However, since the Company defers recognition of revenue and gross profit on sales to distributors until the distributor resells the product, due to the inability to reliably estimate up front the effect of the returns and allowances with these distributors, sales returns and allowances have minimal impact on the results of operations. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related revenues are recognized, and are netted against revenues. Given that revenues consist of a high volume of relatively similar products, actual returns and allowances and warranty claims have not traditionally fluctuated significantly from period to period, and returns and allowances and warranty provisions have historically been reasonably accurate.

The Company generally warrants that products sold to its customers will, at the time of shipment, be free from defects in workmanship and materials and conform to approved specifications. The Company's standard warranty extends for a period that is the greater of (i) three years from the date of shipment or (ii) the period of time specified in the customer's standard warranty (provided that the customer's standard warranty is stated in writing and extended to purchasers at no additional charge). At the time revenue is recognized, the Company establishes an accrual for estimated warranty expenses associated with its sales, recorded as a component of cost of revenues. In addition, the Company also offers cash discounts to customers for payments received within an agreed upon time, generally 10 days after shipment. The Company accrues reserves for cash discounts as a reduction to accounts receivable and a reduction to revenues, based on experience with each customer.

Freight and handling costs are included in cost of revenues and are recognized as period expense during the period in which they are incurred.

Research and Development Costs

Research and development costs are expensed as incurred.

Share-Based Payments

Share-based compensation cost is measured at the grant date, based on the estimated fair value of the award, and is recognized as expense over the employee's requisite service period. As of April 3, 2009, the Company had no unvested awards with market conditions, although it did have outstanding awards with performance, time and service based vesting provisions (see Note 10: "Employee Stock Benefit Plans" for further discussion).

Income Taxes

Income taxes are accounted for using the asset and liability method. Under this method, deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which these temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is provided for those deferred tax assets for which the related benefits will likely not be realized.

In determining the amount of the valuation allowance, estimated future taxable income, as well as feasible tax planning strategies in each taxing jurisdiction is considered. If all or a portion of the remaining deferred tax assets will not be realized, the valuation allowance will be increased with a charge to income tax expense. Conversely, if the Company will ultimately be able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been provided, the related portion of the valuation allowance will be released to income as a credit to income tax expense.

The calculation of tax liabilities involves dealing with uncertainties in the application of complex global tax regulations. The Company recognizes potential liabilities for anticipated tax audit issues in the United States and other tax jurisdictions based on its estimate of whether, and the extent to which, additional taxes will be due. If payment of these liabilities ultimately proves to be unnecessary, the reversal of the liabilities would result in tax benefits being recognized in the period when the Company determines the liabilities are no longer necessary. Additionally, the Company reviews the collectability of its tax receivables due from various jurisdictions and when recovery is uncertain, the Company reserves amounts deemed to be uncollectible. If the receipts of these amounts occur or are assured, the reversal of the reserves previously established would result in a tax benefit in the period.

The Company (both directly and through its subsidiaries) files income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With few exceptions, the Company is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for years before 2002.

Foreign Currencies

Most of the Company's significant foreign subsidiaries conduct business primarily in U.S. dollars and as a result, utilize the U.S. dollar as their functional currency. For the translation of financial statements of these subsidiaries, assets and liabilities denominated in foreign currencies that are receivable or payable in cash are translated at current exchange rates while inventories and other non-monetary assets denominated in foreign currencies are translated at historical rates. Gains and losses resulting from the translation of such financial statements are included in the operating results, as are gains and losses incurred on foreign currency transactions.

The Company's remaining foreign subsidiaries utilize the local currency as their functional currency. The assets and liabilities of these subsidiaries are translated at current exchange rates while revenues and expenses are translated at the average rates in effect for the period. The related translation gains and losses are included in accumulated other comprehensive income within stockholders' equity.

Defined Benefit Plans

The Company maintains pension plans covering certain of its foreign employees. For financial reporting purposes, net periodic pension costs are calculated based upon a number of actuarial assumptions, including a discount rate for plan obligations, assumed rate of return on pension plan assets and assumed rate of compensation increases for plan employees. All of these assumptions are based upon management's judgment and actuarial analysis, considering all known trends and uncertainties.

Asset Retirement Obligations

The Company recognizes asset retirement obligations ("AROs") when incurred, with the initial measurement at fair value. These liabilities are accreted to full value over time through charges to income. In addition, asset retirement costs are capitalized as part of the related asset's carrying value and are depreciated over the asset's respective useful life. The weighted average discount rate used to determine the liability as of April 3, 2009 was 2.6%. The Company's AROs consist primarily of estimated decontamination costs associated with manufacturing equipment and buildings.

Contingencies

The Company is involved in a variety of legal matters that arise in the normal course of business. Based on information available, management evaluates the relevant range and likelihood of potential outcomes. In accordance with SFAS No. 5, "Accounting for Contingencies," management records the appropriate liability when the amount is deemed probable and reasonably estimated.

Fair Value Measurement

Fair value is defined under SFAS No. 157, "Fair Value Measurements ("SFAS No. 157") as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Valuation techniques used to measure fair value under SFAS No. 157 must maximize the use of observable inputs and minimize the use of unobservable inputs. The standard describes a fair value hierarchy based on three levels of inputs, of which the first two are considered observable and the last unobservable, that may be used to measure fair value, as follows:

- Level 1—Quoted prices in active markets for identical assets or liabilities.
- Level 2—Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted

prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

- Level 3—Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities—including an amendment of FASB Statement No. 115 ("SFAS No. 159")." SFAS No. 159 permits companies to choose to measure certain financial instruments and certain other items at fair value. The standard requires that unrealized gains and losses on items for which the fair value option has been elected to be reported in earnings. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007 and will be applied prospectively, although earlier adoption is permitted. As of January 1, 2008, the Company elected not to measure certain financial instruments and certain other items within the scope of SFAS No. 159 at fair value.

Note 4: New Accounting Pronouncements Adopted

Adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51"

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent's ownership interest in a subsidiary that does not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. The Company adopted SFAS 160 on January 1, 2009, and as a result the prior period consolidated balance sheets and statements of operations were retroactively modified to comply with the requirements of SFAS 160 (See also Note 9: "Equity" for further discussion).

Adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)"

As of January 1, 2009, the Company adopted Financial Accounting Standards Board ("FASB") Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 is effective for our $133.2 million aggregate principal amount of Zero Coupon Convertible Senior Subordinated Notes due 2024, our $95.0 million aggregate principal amount of 1.875% Convertible Senior Subordinated Notes due 2025 and our $484.0 million aggregate principal amount of 2.625% Convertible Senior Subordinated Notes due 2026 (collectively, the "Convertible Notes"). FSP APB 14-1 requires retrospective application for all periods presented. The FSP requires the issuer of convertible debt instruments with cash settlement features to separately account for the liability and equity components of the instrument. The liability component was recognized at the present value of its cash flows discounted using a discount rate equivalent to the borrowing rate at the date of the issuance of the Convertible Notes for similar debt instruments without the conversion feature. The equity component, recorded as additional paid-in capital, represents the difference between the proceeds from the issuance of the Convertible Notes and the fair value of the liability as of the date of the issuance of the Convertible Notes. FSP APB 14-1 also requires an accretion of the debt discount resulting from the allocation of a portion of the proceeds to equity over the expected life of the Convertible Notes, which is the first put date. The equity component, liability component and net carrying value for each of the Convertible Notes as of the date of issuance, as of December 31, 2008 and as of April 3, 2009 are set forth in the table below. Also included in the table for each of the Convertible Notes are the effective interest rates on the liability component, interest expense resulting from contractual interest coupons and interest expense resulting from non-cash amortization of the debt discount for the quarter ended April 3, 2009, as well as the first put date for each of the Convertible Notes.

	Zero Coupon Convertible Senior Subordinated Notes Due 2024	1.875% Convertible Senior Subordinated Notes Due 2025	2.625% Convertible Senior Subordinated Notes Due 2026
		(in millions, except per share data)	
As of the date of issuance:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	260.0	95.0	484.0
Unamortized discount	(107.3)	(36.7)	(149.3)
Net carrying amount	$ 152.7	$ 58.3	$ 334.7
As of December 31, 2007:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	260.0	95.0	484.0
Unamortized discount	(47.6)	(28.5)	(132.3)
Net carrying amount	$ 212.4	$ 66.5	$ 351.7
As of December 31, 2008:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	199.1	95.0	484.0
Unamortized discount	(21.4)	(23.7)	(114.4)
Net carrying amount	$ 177.7	$ 71.3	$ 369.6
As of April 3, 2009:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	133.2	95.0	484.0
Unamortized discount	(11.6)	(22.4)	(109.6)
Net carrying amount	$ 121.6	$ 72.6	$ 374.4
Conversion price per share	$ 9.82	$ 7.00	$ 10.50
Common shares on which the aggregate consideration to be delivered is determined	13.6	13.6	46.1
For the year ended December 31, 2006:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 0.5
Non-cash amortization of discount	16.4	3.9	0.7
Total interest expense	$ 16.4	$ 5.7	$ 1.2
For the year ended December 31, 2007:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 12.7
Non-cash amortization of discount	17.9	4.3	16.4
Total interest expense	$ 17.9	$ 6.1	$ 29.1
For the year ended December 31, 2008:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 12.7
Non-cash amortization of discount	19.0	4.7	17.9
Total interest expense	$ 19.0	$ 6.5	$ 30.6

	Zero Coupon Convertible Senior Subordinated Notes Due 2024	1.875% Convertible Senior Subordinated Notes Due 2025	2.625% Convertible Senior Subordinated Notes Due 2026
		(in millions, except per share data)	
For the quarter ended March 28, 2008:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 0.4	$ 3.2
Non-cash amortization of discount	4.5	1.1	4.2
Total interest expense	$ 4.5	$ 1.5	$ 7.4
For the quarter ended April 3, 2009:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 0.4	$ 3.2
Non-cash amortization of discount	3.8	1.3	4.8
Total interest expense	$ 3.8	$ 1.7	$ 8.0
First put date	April 15, 2010	December 15, 2012	December 15, 2013

The consolidated statements of operations were retroactively modified compared to previously reported amounts as follows (in millions, except per share amounts):

	Year Ended December 31, 2006	2007	2008	Quarter Ended March 28, 2008
Additional pre-tax non-cash interest expense	$(21.0)	$(38.6)	$(41.6)	$ (9.8)
Retroactive decrease in net income and increase in accumulated deficit	$(21.0)	$(38.6)	$(41.6)	$ (9.8)
Decrease to basic net income per share	$(0.07)	$(0.13)	$(0.11)	$ (0.03)
Decrease to diluted net income per share	$(0.06)	$(0.13)	$(0.11)	$ (0.03)

Adoption of SFAS No. 157-2, Effective Date of FASB Statement No. 157

In February 2008, the FASB issued Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are measured at fair value on a recurring basis. Effective January 1, 2009, the Company adopted SFAS No. 157 with respect to non-financial assets and liabilities measured on a non-recurring basis. The application of the fair value framework established by SFAS No. 157 to these fair value measurements did not have a material impact on the Company's consolidated financial position, results of operations or cash flows.

Note 5: Acquisitions

Acquisition of Catalyst Semiconductor, Inc.

On October 10, 2008, the Company completed the purchase of Catalyst, whereby Catalyst became a wholly-owned subsidiary of the Company. At the effective time of the merger, each issued and outstanding share of common stock of Catalyst was converted into 0.706 shares of the Company's common stock, which resulted in the issuance of approximately 10.9 million shares of the Company's common stock which had an approximate value of $97.2 million, based on the price of the Company's common stock when the merger was announced on July 16, 2008. Our Catalyst subsidiary is primarily engaged in designing, developing and marketing a broad line of reprogrammable non-volatile memory products and analog/mixed-signal semiconductor products worldwide. Catalyst products are used by manufacturers of electronic products in a wide range of consumer, computing, communications, industrial and automotive applications. Our Catalyst subsidiary's results of operations have been included in the consolidated financial statements since the date of the acquisition.

The aggregate purchase price of approximately $120.1 million included the issuance of approximately 11.0 million shares of common stock valued at approximately $97.2 million and estimated direct transaction costs of approximately $3.4 million. The value of the approximately 10.9 million common shares that were issued to Catalyst shareholders was determined based on approximately 15.5 million shares of Catalyst common stock outstanding on October 10, 2008 and the exchange ratio of 0.706 shares of the Company's common stock for each Catalyst share, at a value of $8.88 per share, the average closing price of the Company's shares of common stock for the two days prior to the day of, and two days subsequent to the public announcement of the merger on July 16, 2008. Catalyst stock options, restricted stock and warrants were exchanged for stock options, restricted stock and warrants of the Company and the exercise price per share was adjusted for the 0.706 exchange ratio. Vested stock options, restricted stock and warrants issued by the Company in exchange for options and restricted stock held by employees and directors of Catalyst and warrants held by non-employees of Catalyst were considered part of the purchase price. Accordingly, the purchase price included an estimated fair value of stock options and restricted stock and warrants of approximately $23.2 million. The purchase price excluded the estimated fair value of unvested stock options and restricted stock, of approximately $3.7 million, which is being amortized to compensation expense over the remaining vesting period of each award, subsequent to October 10, 2008.

The fair value of the Company's options that were issued in exchange for Catalyst options were estimated by using the Black-Scholes option pricing model with market assumptions. Option pricing models require the use of highly subjective market assumptions, including expected stock price volatility, which if changed can materially affect fair value estimates. The more significant assumptions used in estimating the fair value include volatility of 51.9%, an expected life of 5.2 years based on the age of the original award, a dividend rate of zero and a risk-free interest rate of 2.92%.

The warrants that were issued by the Company in exchange for Catalyst warrants are to purchase approximately 53,000 shares of the Company's common stock at an exercise price of $8.88 per share. The warrants expire on July 31, 2009 and are held by Sutter Securities. Pursuant to the terms of the warrants, upon the completion of the merger the warrants were converted into warrants to purchase the number of shares of the Company's common stock that would have been deliverable to the holder had such warrants been exercised immediately prior to the merger, and continue to remain outstanding on terms substantially identical to those in effect immediately prior to the acquisition.

The following table presents the allocation of the purchase price of Catalyst, including professional fees and other related acquisition costs, to the assets acquired based on their estimated fair values (in millions):

Cash and cash equivalents	$ 24.9
Receivables, net	11.2
Inventory	29.5
Other current assets	0.6
Property, plant and equipment	17.1
Goodwill	11.2
Intangible assets	29.2
In-process research and development	9.4
Total assets acquired	133.1
Accounts payable	(9.5)
Other current liabilities	(3.3)
Long-term accrued liabilities	(0.2)
Total liabilities assumed	(13.0)
Net assets acquired	$120.1

Of the $38.6 million of acquired intangible assets, $9.4 million was assigned to in-process research and development ("IPRD") assets that were written off at the date of the acquisition in accordance with FASB Interpretation No. 4, "Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method." The value assigned to IPRD was determined by considering the importance of products under development to the overall development plan, estimating costs to develop the purchased IPRD into commercially viable products, estimating the resulting net cash flows from the projects when completed and discounting the net cash flows to their present value. The fair value of IPRD was determined using the income approach. The income approach recognizes that the current value of an asset or liability is premised on the expected receipt or payment of future economic benefits generated over its remaining life. A discount rate of 15% was used in the present value calculations, and was derived from a weighted-average cost of capital analysis, adjusted to reflect additional risks inherent in the acquired research and development operations.

The remaining $29.2 million of acquired intangible assets have a weighted-average useful life of approximately 1 to 18 years. The intangible assets that make up that amount include: trademarks of $2.3 million (15-year weighted average useful life), customer relationships of $18.6 million (18-year weighted-average useful life), developed technology of $7.0 million (5 to 7-year weighted-average useful life), Software $1.1 million (2-year weighted-average useful life) and $0.2 million non-compete agreements (1-year weighted-average useful life).

Of the total purchase price paid of $120.1 million, approximately $11.2 million has been allocated to goodwill. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net tangible and intangible assets. Among the factors that contributed to a purchase price in excess of the fair value of the net tangible and intangible assets was the acquisition of an assembled workforce of experienced semiconductor engineers. These experienced engineers have provided and the Company expects that they will provide in the future the capability of developing and integrating advanced technology into next generation products. In accordance with

SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill will not be amortized but instead will be tested for impairment at least annually (and more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made. The $11.2 million of goodwill was assigned to the standard products segment, none of which is expected to be deductible for tax purposes.

The initial allocation of the purchase price is based on management estimates and assumptions, and other information compiled by management, which utilized established valuation techniques appropriate for the high-technology industry, which were either the income approach, cost approach or market approach, depending upon which was the most appropriate based on the nature and reliability of the data available. The cost approach takes into account the cost to replace (or reproduce) the asset and the effect on the asset's value of physical, functional and/or economic obsolescence that has occurred with respect to the asset. The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the valuation date.

The allocation of the purchase price includes $1.0 million of accrued expenses for estimated costs to exit certain activities of Catalyst, which were for employee separation costs. The $1.0 million of employee separation costs includes $1.0 million to involuntarily terminate 3 employees performing overlapping or duplicative functions throughout Catalyst. During the quarter ended April 3, 2009, the Company recorded usage of $0.9 million, to release the employee separation costs accrual. Additionally, the Company recorded adjustments of $0.6 million, to increase the employee separation costs accrual. As of April 3, 2009, management of the Company had not finalized all exit plans related to the Catalyst acquisition and expects to finalize the plans within the first year after the acquisition date, which will result in adjustments to the allocation of the acquisition of the purchase price that may impact accrued liabilities and goodwill.

The following is a rollforward of the accrued liabilities for estimated costs to exit certain activities of Catalyst from the date of acquisition through April 3, 2009:

	Initial Balance	Adjustments	Usage	Balance at End of Period
Estimated employee separation costs:				
Acquisition date through April 3, 2009	$ 1.0	$ 0.6	$(0.9)	$ 0.7

The following unaudited pro forma consolidated results of operations for quarters ended April 3, 2009 and March 28, 2008 have been prepared as if the acquisition of Catalyst had occurred at January 1, 2009 and January 1, 2008, respectively for each period (in millions, except per share data):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Net revenues	$ 379.1	$ 441.8
Net income (loss)	$ (33.9)	$ 11.1
Net income (loss) per common share—Basic	$ (0.08)	$ 0.04
Net income (loss) per common share—Diluted	$ (0.08)	$ 0.04

The pro forma consolidated results of operations does not purport to be indicative of the results obtained if the above acquisition had actually occurred as of the dates indicated, or of those results that may be obtained in the future. The pro forma consolidated results of operations include adjustments to net income to give effect to: depreciation of property, plant and equipment acquired; amortization of intangible assets acquired; and stock compensation expense for stock options and restricted stock units of Catalyst that were exchanged for stock options and restricted stock units of the Company. This pro forma consolidated results of operations was derived, in part, from the historical consolidated financial statements of Catalyst and other available information and assumptions believed to be reasonable under the circumstances.

Acquisition of AMIS Holdings, Inc.

On March 17, 2008, the Company completed the purchase of AMIS, whereby AMIS became a wholly-owned subsidiary of the Company. At the effective time of the merger, each issued and outstanding share of common stock of AMIS was converted into 1.15 shares of the Company's common stock, which had an approximate value of $897.4 million, based on the price of the Company's common stock when the merger was announced on December 13, 2007. In accordance with Emerging Issues Task Force issue No. 98-3 "Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business," this transaction was determined to be a business combination, not an acquisition of assets.

Our AMIS subsidiary is primarily engaged in designing, manufacturing and marketing integrated circuits worldwide. AMIS's results of operations have been included in the consolidated financial statements since the date of the acquisition. The Company believes this combination has and will continue to enhance shareholder value by (1) accelerating its transformation from a discrete supplier to a key supplier with scale, (2) strengthening its end-market presence, facilitating its entry into new markets and deepening customer relationships, (3) obtaining significant scale and cash flow generation, and (4) achieving cost savings by leveraging its operational expertise and accelerating the ramp of activity in its Gresham, Oregon wafer fabrication facility.

The aggregate purchase price of approximately $939.7 million included the issuance of approximately 103.2 million shares of common stock valued at approximately $897.4 million and estimated direct transaction costs of approximately $11.1 million. The value of the approximately 103.2 million common shares that were issued to AMIS shareholders was determined based on approximately 89.7 million shares of AMIS common stock outstanding on March 17, 2008 and the exchange ratio of 1.15 shares of the Company's common stock for each AMIS share, at a value of $8.70 per share, the average closing price of the Company's shares of common stock for the two days prior to, and two days subsequent to the public announcement of the merger on December 13, 2007. AMIS stock options, restricted stock and warrants were exchanged for stock options, restricted stock and warrants of the Company and the exercise price per share was adjusted for the 1.15 exchange ratio. Vested stock options, restricted stock and warrants issued by the Company in exchange for options and restricted stock held by employees and directors of AMIS and warrants held by non-employees of AMIS were considered part of the purchase price. Accordingly, the purchase price included an estimated fair value of stock options and restricted stock and warrants of approximately $38.5 million. The purchase price excludes the estimated fair value of unvested stock options and restricted stock, of approximately $7.3 million, which is being amortized to compensation expense over the remaining vesting period of each award, subsequent to March 17, 2008.

The fair value of the Company's options that were issued in exchange for AMIS options were estimated by using the Black-Scholes option pricing model with market assumptions. Option pricing models require the use of highly subjective market assumptions, including expected stock price volatility, which if changed can materially affect fair value estimates. The more significant assumptions used in estimating the fair value include volatility of 49.9%, an expected life of 4.2 years based on the age of the original award, a dividend rate of zero and a risk-free interest rate of 3.15%.

The warrants that were issued by the Company in exchange for AMIS warrants are to purchase approximately 5.3 million shares of the Company's common stock at an exercise price of $19.41 per share. The warrants expire on December 31, 2010 and are held by a subsidiary of Nippon Mining Holdings, Inc. Pursuant to the terms of the warrants, upon the completion of the merger the warrants were converted into warrants to purchase the number of shares of the Company's common stock that would have been deliverable to the holder had such warrants been exercised immediately prior to the merger, and continue to remain outstanding on terms substantially identical to those in effect immediately prior to the merger.

The following table presents the allocation of the purchase price of AMIS, including professional fees and other related acquisition costs, to the assets acquired based on their estimated fair values (in millions):

Cash and cash equivalents	$ 172.7
Receivables, net	83.2
Inventory	149.9
Other current assets	27.8
Property, plant and equipment	111.9
Goodwill	559.2
Intangible assets	287.8
In-process research and development	17.7
Other assets	13.6
Total assets acquired	1,423.8
Amounts payable to banks and long-term debt due within one year	(316.0)
Other current liabilities	(153.9)
Long-term accrued liabilities	(14.2)
Total liabilities assumed	(484.1)
Net assets acquired	$ 939.7

Of the $305.5 million of acquired intangible assets, $17.7 million was assigned to in-process research and development ("IPRD") assets that were written off at the date of the acquisition in accordance with FASB Interpretation No. 4, *Applicability of FASB Statement No. 2 to Business Combinations Accounted for by the Purchase Method* . The value assigned to IPRD was determined by considering the importance of products under development to the overall development plan, estimating costs to develop the purchased IPRD into commercially viable products, estimating the resulting net cash flows from the projects when completed and discounting the net cash flows to their present value. The fair value of IPRD was determined using the income approach. The income approach recognizes that the current value of an asset or liability is premised on the expected receipt or payment of future economic benefits generated over its remaining life. A discount rate of 12% was used in the present value calculations, and was derived from a weighted-average cost of capital analysis, adjusted to reflect additional risks inherent in the acquired research and development operations.

The remaining $287.8 million of acquired intangible assets have a weighted-average useful life of approximately 14 years. The intangible assets that make up that amount include: trademarks of $8.7 million (15-year weighted-average useful life), customer relationships of $199.0 million (15-year weighted-average useful life), and developed technology of $80.1 million (12-year weighted-average useful life).

Of the total purchase price paid of $939.7 million, approximately $559.2 million has been allocated to goodwill. Goodwill represents the excess of the purchase price of an acquired business over the fair value of the underlying net tangible and intangible assets. Among the factors that contributed to a purchase price in excess of the fair value of the net tangible and intangible assets was the acquisition of an assembled workforce of experienced semiconductor engineers. The Company expects these experienced engineers to provide the capability of developing and integrating advanced technology into next generation products. In accordance with SFAS No. 142, “Goodwill and Other Intangible Assets,” goodwill will not be amortized but instead will be tested for impairment at least annually (more frequently if certain indicators are present). In the event that management determines that the value of goodwill has become impaired, the Company will incur an accounting charge for the amount of impairment during the fiscal quarter in which the determination is made. The $559.2 million of goodwill was assigned to the custom products and manufacturing services segment, none of which is expected to be deductible for tax purposes.

The $316.0 million of amounts payable to banks and long-term debt due within one year includes $276.7 million outstanding on AMIS’s senior secured term loan which required repayment upon merger or acquisition. The entire amount outstanding on the senior secured term loan as of the acquisition date was repaid by the Company prior to March 28, 2008.

The initial allocation of the purchase price is based on management estimates and assumptions, and other information compiled by management, which utilized established valuation techniques appropriate for the high-technology industry, which were either the income approach, cost approach or market approach, depending upon which was the most appropriate based on the nature and reliability of the data available. The cost approach takes into account the cost to replace (or reproduce) the asset and the effect on the asset’s value of physical, functional and/or economic obsolescence that has occurred with respect to the asset. The market approach is a technique used to estimate value from an analysis of actual transactions or offerings for economically comparable assets available as of the valuation date.

The allocation of the purchase price includes $27.6 million of accrued liabilities for estimated costs to exit certain activities of AMIS, including $13.2 million of employee separation costs and $14.4 million of exit costs. The $13.2 million of employee separation costs includes $10.0 million to involuntarily terminate or relocate approximately 90 employees performing overlapping or duplicative functions throughout AMIS and also $3.2 million to involuntarily terminate approximately 140 manufacturing employees as a result of the planned shutdown of one of the fabrication facilities at AMIS’s Pocatello, Idaho facility. The shutdown is scheduled to be completed by the end of the first quarter of 2010. The $14.4 million of exit costs includes $10.3 million for lease termination costs at duplicative facilities, $3.5 million of facility decommissioning costs resulting from the planned shutdown of the fabrication facility and also $0.6 million of costs to reorganize the structure of AMIS’s subsidiaries.

The following is a rollforward of the accrued liabilities for estimated costs to exit certain activities of AMIS from the date of acquisition through April 3, 2009:

	Initial Balance	Adjustments	Usage	Balance at End of Period
Estimated employee separation costs:				
Acquisition date through April 3, 2009	$ 13.2	$ (4.2)	$(7.6)	$ 1.4
Estimated costs to exit:				
Acquisition date through April 3, 2009	$ 14.4	$ 4.1	$(6.2)	$ 12.3

The following pro forma consolidated results of operations for the quarter ended April 3, 2009 and March 28, 2009 have been prepared as if the acquisition of AMIS had occurred at January 1, 2009 and January 1, 2008, respectively for each period (in millions, except per share data):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Net revenues	$ 379.1	$ 530.5
Net income (loss)	$ (33.9)	$ 20.2
Net income (loss) per common share—Basic	$ (0.08)	$ 0.05
Net income (loss) per common share—Diluted	$ (0.08)	$ 0.05

The pro forma consolidated results of operations does not purport to be indicative of the results obtained if the above acquisition had actually occurred as of the dates indicated, or of those results that may be obtained in the future. The pro forma consolidated results of operations include adjustments to net income to give effect to: depreciation of property, plant and equipment acquired; amortization of intangible assets acquired; reduced interest expense as a result of the required repayment of AMIS's senior secured term loan upon acquisition; and stock compensation expense for stock options and restricted stock units of AMIS that were exchanged for stock options and restricted stock units of the Company. This pro forma consolidated results of operations was derived, in part, from the historical consolidated financial statements of AMIS and other available information and assumptions believed to be reasonable under the circumstances.

Note 6: Restructuring, Asset Impairment and Other, Net

The activity related to the Company's restructuring, asset impairments and other, net for programs that were either initiated in 2009 or had not been completed as of December 31, 2008, are as follows (in millions):

Restructuring

Restructuring Activities Related to the 2009 Global Workforce reduction

During the first quarter of 2009, the Company announced plans to reduce worldwide personnel for cost savings purposes. A total of 526 employees were notified during the first quarter of 2009, of which 494 of these individuals have been terminated. During the quarter ending April 3, 2009, the Company recorded employee separation charges of approximately $10.2 million related to this activity. These charges have been included in restructuring, asset impairment and other, net on the consolidated statement of operations for the quarter ended April 3, 2009. All terminations associated with this plan are expected to be completed by the end of the fourth quarter of 2010, with related termination benefits paid out by the end of the fourth quarter of 2010.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
Quarter Ended April 3, 2009	$ —	$ 10.2	$(8.5)	$ —	$ 1.7

Restructuring Activities Related to the 2008 Announced Shutdown of Piestany Manufacturing Facility

Cumulative charges of $10.6 million, net of adjustments have been recognized through April 3, 2009, related to the 2008 plan to shut down the Piestany Manufacturing Facility of which, $1.0 million has been included in restructuring, asset impairment and other, net on the consolidated statement of operations for the quarter ended April 3, 2009. In May 2008, the Company made plans to consolidate manufacturing efforts with the closure of manufacturing facilities in Piestany, Slovakia. The wafer manufacturing that takes place at this facility will be migrated from smaller low volume silicon wafers to larger more advanced production lines. At the end of the third quarter of 2008, the Company notified approximately 430 employees that they would be terminated and the Company has recognized and expects to recognize $2.9 million ratably from the third quarter of 2008 through the expected termination date during the second quarter of 2009 through which they are required to render services to qualify for termination benefits.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
Quarter Ended April 3, 2009	$ 1.8	$ 0.7	$(0.6)	$ (0.1)	$ 1.8
Exit costs:					
Quarter Ended April 3, 2009	$ 0.1	$ 0.4	$(0.4)	$ —	$ 0.1

Restructuring Activities Related to the 2008 Acquisition of AMIS

Cumulative charges of $10.7 million have been recognized through April 3, 2009, related to the restructuring activities associated with the acquisition of AMIS. In March 2008, the Company acquired AMIS and announced plans to integrate the operations of the two companies for cost savings purposes (see Note 5: “Acquisitions” for further discussion). As part of these plans, certain duplicative positions were eliminated and certain overlapping or duplicative contracts with external suppliers were renegotiated to reflect terms applicable to the combined company.

Cumulative employee separation charges of $6.6 million have been recognized through April 3, 2009. These charges included $1.6 million for severance benefits of 80 individuals who were employees of the Company prior to the acquisition and $5.0 million for severance benefits of 24 individuals who were employees of AMIS prior to the acquisition. All 24 employees were or are required to render services until their termination date to receive these severance benefits. The termination benefits for the 24 AMIS employees are being recognized ratably from the acquisition date to their termination date. All terminations and associated severance payments related to these activities were completed by the end of the first quarter of 2009.

Cumulative exit costs of $4.1 million have been recognized through April 3, 2009, related to charges incurred to terminate overlapping or duplicative software licenses under certain lease agreements with external suppliers in connection with the AMIS acquisition and for clean up associated with the shut down of a wafer fabrication facility. During the quarter ended April 3, 2009, the Company recognized a $0.9 million charge on the statement of operations relating to this activity. All payments related to these exit costs are expected to be completed by the end of the third quarter of 2009.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
Quarter ended April 3, 2009	$ 0.2	$ —	$(0.2)	$ —	$ —
Exit costs:					
Quarter ended April 3, 2009	$ 0.7	$ 0.9	$(0.7)	$ —	$ 0.9

2007 Plan to Restructure Phoenix, Arizona Wafer Manufacturing

Cumulative charges of $2.8 million have been recognized through April 3, 2009, related to the 2007 plan to restructure Phoenix, Arizona wafer manufacturing. In March 2007, the Company announced plans to consolidate manufacturing efforts with the closing of one of its manufacturing facilities at its Phoenix, Arizona location. The wafer manufacturing that takes place at this facility will be transferred to the Company's offshore lower-cost manufacturing facilities. All of the 85 manufacturing employees have been terminated as a direct result of this consolidation effort. Also in connection with this activity, during the third quarter of 2007, the Company announced reductions in factory support functions at its Phoenix, Arizona and Gresham, Oregon locations which resulted in the elimination or transfer of 67 positions. These measures were initiated for cost savings purposes. All payments related to these employee separation charges were paid by April 3, 2009.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
Quarter ended April 3, 2009	$ 0.3	$ —	$(0.3)	$ —	$ —

Other

During the first quarter of 2009, the Company recognized a gain associated with the settlement of a legal dispute in the amount of $2.5 million. This amount has been recognized in the statement of operations as an offset to restructuring, asset impairment and other, net.

A reconciliation of the activity in the tables above to the “Restructuring, asset impairments and other, net” caption on the statement of operations for the quarter ended April 3, 2009, is as follows (in millions):

	Quarter Ended April 3, 2009
Restructuring	
2009 Charges:	
Cash employee separation charges	$ 10.9
Exit costs	1.3
Less: net adjustments to reserves	(0.1)
Other	
2009 gain on settlement of lawsuit	(2.5)
	$ 9.6

Note 7: Balance Sheet Information

	April 3, 2009	December 31, 2008
Receivables, net:		
Accounts receivable	$ 203.2	$ 199.0
Less: Allowance for doubtful accounts	(10.6)	(10.2)
	$ 192.6	$ 188.8
Inventories, net:		
Raw materials	$ 31.1	$ 32.6
Work in process	170.2	171.1
Finished goods	97.9	131.8
	$ 299.2	$ 335.5
Property, plant and equipment, net:		
Land	$ 39.2	$ 40.2
Buildings	421.5	419.0
Machinery and equipment	1,392.0	1,415.8
Total property, plant and equipment	1,852.7	1,875.0
Less: Accumulated depreciation	(1,107.8)	(1,104.2)
	$ 744.9	$ 770.8
Accrued expenses:		
Accrued payroll	$ 42.3	$ 52.7
Sales related reserves	32.2	33.3
Restructuring reserves	4.5	3.1
Acquisition related restructuring charges	14.4	15.6
Accrued pension liability	0.1	0.2
Other	34.4	33.5
	$ 127.9	$ 138.4
Accumulated other comprehensive income:		
Foreign currency translation adjustments	$ (68.2)	$ (53.1)
Unrealized prior service cost of defined benefit pension plan	(0.3)	(0.3)
Prior service cost from pension legal plan amendment	(0.2)	(0.2)
Net unrealized gains and adjustments related to cash flow hedges	0.1	—
	$ (68.6)	$ (53.6)

The activity related to the Company's warranty reserves for the quarter ended April 3, 2009 is as follows (in millions):

Balance as of December 31, 2008	$ 3.9
Provision	0.5
Usage	(0.4)
Balance as of April 3, 2009	$ 4.0

The activity related to the Company's warranty reserves for the quarter ended March 28, 2008 is as follows (in millions):

Balance as of December 31, 2007	$ 2.2
Provision	—
Reserves acquired from AMI	0.8
Usage	(0.3)
Reserve released	—
Balance as of March 28, 2008	$ 2.7

The Company maintains defined benefit plans for some of its foreign subsidiaries. The Company recognizes the aggregate amount of all overfunded plans as an asset and the aggregate amount of all underfunded plans as a liability in its financial statements. As of April 3, 2009 and December 31, 2008, the total accrued pension liability for underfunded plans was $15.2 million and $16.1 million, respectively, of which the current portion of $0.1 million and $0.2 million, respectively, were classified as accrued expenses. As of April 3, 2008 and December 31, 2008, the total pension asset for overfunded plans was $9.6 million and $11.9 million, respectively. The components of the Company's net periodic pension expense for the quarters ended April 3, 2009 and March 28, 2008 are as follows (in millions):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Service Cost	$ 0.5	$ 0.4
Interest cost	0.5	0.3
Expected return on plan assets	(0.3)	(0.2)
Amortization of prior service cost	0.1	0.1
Total net periodic pension cost	$ 0.8	$ 0.6

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Note 8: Long-Term Debt

Long-term debt consists of the following (dollars in millions):

	April 3, 2009	December 31, 2008
Senior Bank Facilities:		
Term Loan, interest payable monthly and quarterly at 2.26813% and 2.2113%, respectively	$171.5	$ 171.9
Revolver	—	—
	171.5	171.9
Zero Coupon Convertible Senior Subordinated Notes due 2024 (1)	121.6	177.7
1.875% Convertible Senior Subordinated Notes due 2025 (2)	72.6	71.3
2.625% Convertible Senior Subordinated Notes due 2026 (3)	374.4	369.6
2.25% Loan with Japanese bank due 2009 through 2010, interest payable semi-annually	5.3	7.9
Loan with Philippine banks due 2009 through 2012, interest payable quarterly at 2.2600% and 5.8188%, respectively	21.0	21.8
Loan with Philippine bank due 2009 through 2013, interest payable quarterly at 2.0063% and 2.9463%, respectively	11.7	12.1
Loan with Philippine bank due 2009 through 2013, interest payable quarterly at 2.5656% and 3.1713%, respectively	6.6	6.8
Loan with Chinese bank due 2009, interest payable quarterly at 2.4269% and 2.6975%, respectively	14.0	14.0
Loan with Chinese bank due 2009, interest payable quarterly at 2.4269% and 2.6975%, respectively	6.0	6.0
Loan with Chinese bank due 2009, interest payable semi-annually at 5.4550%	10.3	11.3
Loan with Chinese bank due 2009, interest payable semi-annually at 2.9750% and 5.1750%, respectively	5.0	5.0
Loan with Chinese bank due 2009 through 2013, interest payable semi-annually at 3.0913%	6.5	6.9
Loan with Belgian bank, interest payable daily at 1.2260% and 2.7520%, respectively	10.3	25.0
Short-term loan with Japanese bank due 2009, interest payable quarterly at 1.875%	—	5.5
Loan with Japanese bank due 2009 through 2013, interest payable semi-annually at 1.875%	3.0	3.3
Short-term loan with Japanese bank due 2009, interest payable monthly at 1.3% and 1.42%, respectively	1.5	1.7
Capital lease obligations	89.6	92.0
	930.9	1,009.8
Less: Current maturities	(86.6)	(107.9)
	$844.3	$ 901.9

(1) The Zero Coupon Convertible Senior Subordinated Notes due 2024 shall be purchased by the Company at the option of the holders of the notes on April 15, 2010, or thereafter.

(2) The 1.875% Convertible Senior Subordinated Notes due 2025 shall be purchased by the Company at the option of the holders of the notes on December 15, 2012, or thereafter.

(3) The 2.625% Convertible Senior Subordinated Notes due 2026 shall be purchased by the Company at the option of the holders of the notes on December 15, 2013, or thereafter.

Annual maturities relating to the Company's long-term debt as of April 3, 2009 are as follows (in millions):

		Actual Maturities
Remainder	2009	$ 76.2
	2010	159.4
	2011	34.9
	2012	109.0
	2013	551.4
	Thereafter	—
	Total	$ 930.9

Repurchase of Zero Coupon Convertible Senior Subordinated Notes due 2024

During the first quarter of 2009, the Company repurchased approximately $65.9 million of our zero coupon convertible senior subordinated notes due 2024 for $32.9 million in cash and the issuance of 7.4 million shares of common stock, which had a value of $28.5 million based on the closing price of the Company's common stock at the time of repurchase. The Company released $6.1 million of unamortized debt discount and recognized a $2.2 million loss on the prepayment, which included the write off of $0.5 million in unamortized debt issuance costs.

Debt Guarantees

The Company is the sole issuer of the zero coupon convertible senior subordinated notes due 2024, the 1.875% convertible senior subordinated notes due 2025 and the 2.625% convertible senior subordinated notes due 2026 (collectively, the "Notes"). The Company's domestic subsidiaries, except those domestic subsidiaries acquired through the acquisitions of AMIS and Catalyst, (collectively, the "Guarantor Subsidiaries") fully and unconditionally guarantee on a joint and several basis the Company's obligations under the Notes. The Guarantor Subsidiaries include SCI LLC, Semiconductor Components Industries of Rhode Island, Inc, as well as holding companies whose net assets consist primarily of investments in the joint venture in Leshan, China and equity interests in the Company's other foreign subsidiaries. The Company's other remaining subsidiaries (collectively, the "Non-Guarantor Subsidiaries") are not guarantors of the Notes. Condensed consolidated financial information for the issuer of the Notes, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries is as follows (in millions):

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	Issuer	Guarantor				
	ON Semiconductor Corporation [1]	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
As of April 3, 2009						
Cash and cash equivalents	$ —	$ 98.2	$ —	$ 304.2	$ —	$ 402.4
Receivables, net	—	32.3	—	160.3	—	192.6
Inventories, net	—	29.4	—	287.7	(17.9)	299.2
Other current assets	—	6.5	0.1	41.0	(0.4)	47.2
Deferred income taxes	—	5.5	—	7.7	—	13.2
Total current assets	—	171.9	0.1	800.9	(18.3)	954.6
Property, plant and equipment, net	—	161.2	3.0	585.3	(4.6)	744.9
Goodwill and intangible assets, net	—	168.9	37.2	310.2	(41.5)	474.8
Investments and other assets	1,404.3	1,203.8	41.2	678.9	(3,291.5)	36.7
Total assets	$ 1,404.3	$1,705.8	$ 81.5	$ 2,375.3	$ (3,355.9)	$2,211.0
Accounts payable	$ —	$ 24.7	$ 0.2	$ 109.6	$ —	$ 134.5
Accrued expenses and other current liabilities	4.4	66.3	0.8	151.2	1.9	224.6
Deferred income on sales to distributors	—	28.7	—	72.2	—	100.9
Total current liabilities	4.4	119.7	1.0	333.0	1.9	460.0
Long-term debt	568.5	233.0	—	42.7	0.1	844.3
Other long-term liabilities	—	25.1	0.4	20.7	(0.3)	45.9
Deferred Income Taxes	—	5.5	—	6.5		12.0
Intercompany	0.3	(234.1)	(48.3)	76.5	205.6	—
Total liabilities	573.2	149.2	(46.9)	479.4	207.3	1,362.2
Total ON Semiconductor Corporation stockholders' equity (deficit)	831.1	1,556.6	128.4	1,895.9	(3,580.9)	831.1
Minority interests in consolidated subsidiaries	—	—	—	—	17.7	17.7
Total stockholders' equity	831.1	1,556.6	128.4	1,895.9	(3,563.2)	848.8
Total liabilities and stockholders' equity	$ 1,404.3	$1,705.8	$ 81.5	$ 2,375.3	$ (3,355.9)	$2,211.0

	Issuer	Guarantor				
	ON Semiconductor Corporation [1]	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
As of December 31, 2008						
Cash and cash equivalents	$ —	$ 213.4	$ —	$ 245.3	$ —	$ 458.7
Receivables, net	—	16.9	—	171.9	—	188.8
Inventories, net	—	25.8	—	303.7	6.0	335.5
Other current assets	—	7.9	—	47.6	—	55.5
Deferred income taxes	—	3.5	—	8.5	—	12.0
Total current assets	—	267.5	—	777.0	6.0	1,050.5
Property, plant and equipment, net	—	164.0	3.1	607.6	(3.9)	770.8
Deferred income taxes	—	1.8	—	(1.8)		—
Goodwill and intangible assets, net	—	22.5	37.0	434.1	—	493.6
Investments and other assets	1,457.7	1,262.2	40.3	2,298.2	(5,013.8)	44.6
Total assets	$ 1,457.7	$1,718.0	$ 80.4	$ 4,115.1	$ (5,011.7)	$2,359.5
Accounts payable	$ —	$ 20.0	$ 0.1	$ 158.1	$ —	$ 178.2
Accrued expenses and other current liabilities	0.6	61.6	0.8	187.0	1.7	251.7
Deferred income on sales to distributors	—	28.7	—	85.4	—	114.1
Total current liabilities	0.6	110.3	0.9	430.5	1.7	544.0
Long-term debt	618.6	235.8	—	47.5	—	901.9
Other long-term liabilities	—	27.5	0.4	20.2	—	48.1
Deferred Income Taxes	—	5.3	—	4.7		10.0
Intercompany	0.3	(270.2)	(51.6)	116.0	205.5	—
Total liabilities	619.5	108.7	(50.3)	618.9	207.2	1,504.0
Total ON Semiconductor Corporation stockholders' equity (deficit)	838.2	1,609.3	130.7	3,496.2	(5,236.2)	838.2
Minority interests in consolidated subsidiaries	—	—	—	—	17.3	17.3
Total stockholders' equity	838.2	1,609.3	130.7	3,496.2	(5,218.9)	855.5
Total liabilities and stockholders' equity	$ 1,457.7	$1,718.0	$ 80.4	$ 4,115.1	$ (5,011.7)	$2,359.5

	Issuers ON Semiconductor Corporation [1]	Guarantor Subsidiaries SCI LLC	Guarantor Subsidiaries Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
For the quarter ended April 3, 2009						
Revenues	$ —	$ 93.6	$ —	$ 486.2	$ (200.7)	$379.1
Cost of revenues	—	86.9	0.3	356.9	(177.1)	267.0
Gross profit	—	6.7	(0.3)	129.3	(23.6)	112.1
Research and development	—	19.7	2.4	21.6	(0.1)	43.6
Selling and marketing	—	10.4	0.4	18.2	—	29.0
General and administrative	—	(32.8)	0.1	17.6	42.4	27.3
Amortization of acquisition related intangible assets	—	1.4	—	5.7	0.1	7.2
Restructuring, asset impairments and other, net	—	1.4	(0.1)	8.3	—	9.6
Total operating expenses	—	0.1	2.8	71.4	42.4	116.7
Operating income (loss)	—	6.6	(3.1)	57.9	(66.0)	(4.6)
Interest expense, net	(14.4)	(1.1)	—	(1.9)	0.1	(17.3)
Loss on debt prepayment	(2.2)	—	—	—	—	(2.2)
Other	—	(1.0)	—	(1.2)	—	(2.2)
Equity in earnings	(17.3)	(21.1)	0.8	119.2	(81.6)	—
Income (loss) before income taxes and minority interests	(33.9)	(16.6)	(2.3)	174.0	(147.5)	(26.3)
Income tax provision	—	(1.5)	—	(5.7)	—	(7.2)
Net income (loss)	(33.9)	(18.1)	(2.3)	168.3	(147.5)	(33.5)
Net loss attributable to minority interests	—	—	—	—	(0.4)	(0.4)
Net income (loss) attributable to ON Semiconductor Corporation	$ (33.9)	$ (18.1)	$ (2.3)	$ 168.3	$ (147.9)	$ (33.9)
Net cash provided by operating activities	$ —	$(216.0)	$ —	$ 244.7	$ —	$ 28.7
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(5.8)	—	(16.5)	—	(22.3)
Funds deposited for purchases of property, plant and equipment	—	—	—	0.2	—	0.2
Net cash used in investing activities	—	(5.8)	—	(16.3)	—	(22.1)
Cash flows from financing activities:						
Intercompany loans	—	247.2	—	(247.2)	—	—
Intercompany loan repayments	—	(101.6)	—	101.6	—	—
Proceeds from issuance of common stock under the employee stock purchase plan	—	1.0	—	—	—	1.0
Proceeds from exercise of stock options and warrants	—	0.4	—	—	—	0.4
Repurchase of Treasury Stock	—	(0.8)	—	—	—	(0.8)
Payment of capital lease obligation	—	(4.9)	—	(1.3)	—	(6.2)
Repayment of long term debt	—	(34.7)	—	(22.1)	—	(56.8)
Net cash provided by (used in) financing activities	—	106.6	—	(169.0)	—	(62.4)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(0.5)	—	(0.5)
Net increase (decrease) in cash and cash equivalents	—	(115.2)	—	58.9	—	(56.3)
Cash and cash equivalents, beginning of period	—	213.4	—	245.3	—	458.7
Cash and cash equivalents, end of period	$ —	$ 98.2	$ —	$ 304.2	$ —	$402.4

	Issuers ON Semiconductor Corporation (1)	Guarantor Subsidiaries SCI LLC	Guarantor Subsidiaries Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
For the quarter ended March 28, 2008						
Revenues	$ —	$ 116.9	$ 3.6	$ 548.1	$ (246.7)	$ 421.9
Cost of revenues	—	105.4	0.4	412.4	(242.9)	275.3
Gross profit	—	11.5	3.2	135.7	(3.8)	146.6
Research and development	—	6.7	2.7	32.0	(1.1)	40.3
Selling and marketing	—	11.9	0.4	13.8	(0.3)	25.8
General and administrative	—	(2.2)	0.2	25.9	(0.1)	23.8
Amortization of acquisition related intangible assets	—	—	—	2.4	—	2.4
Restructuring, asset impairments and other, net	—	4.6	—	18.9	—	23.5
Total operating expenses	—	21.0	3.3	93.0	(1.5)	115.8
Operating income (loss)	—	(9.5)	(0.1)	42.7	(2.3)	30.8
Interest expense, net	(14.4)	(0.6)	—	(2.1)	—	(17.1)
Other	—	2.1	—	(4.0)	—	(1.9)
Equity in earnings	25.4	35.0	(0.8)	—	(59.6)	—
Income (loss) before income taxes and minority interests	11.0	27.0	(0.9)	36.6	(61.9)	11.8
Income tax provision	—	0.2	—	(1.3)	—	(1.1)
Net income (loss)	11.0	27.2	(0.9)	35.3	(61.9)	10.7
Net income (loss) attributable to minority interest	—	—	—	—	0.3	0.3
Net income (loss) attributable to ON Semiconductor Corporation	$ 11.0	$ 27.2	$ (0.9)	$ 35.3	$ (61.6)	$ 11.0
Net cash provided by operating activities	$ —	$ 54.4	$ 0.1	$ 82.4	$ —	$ 136.9
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(8.6)	(0.1)	(6.8)	—	(15.5)
Funds deposited for purchases of property, plant and equipment	—	—	—	0.1	—	0.1
Cash received in the acquisition of a business, net of acquisition costs	—	(11.1)	—	172.7	—	161.6
Proceeds from sales of property, plant and equipment	—	38.6	—	—	—	38.6
Net cash used in investing activities	—	18.9	(0.1)	166.0	—	184.8
Cash flows from financing activities:						
Intercompany loans	—	(310.3)	—	310.3	—	—
Intercompany loan repayments	—	231.6	—	(231.6)	—	—
Proceeds from exercise of stock options		0.6	—	—	—	0.6
Repurchase of Treasury Stock	—	(0.5)	—	—	—	(0.5)
Dividends to minority shareholder of consolidated subsidiary	—	3.3	—	(4.8)	—	(1.5)
Equity injections from Parent	—	—	3.3	—	—	3.3
Subsidiary declared dividend	—	—	(3.3)	—	—	(3.3)
Payment of capital lease obligation	—	(7.4)	—	—	—	(7.4)
Repayment of long term debt	—	—	—	(280.8)	—	(280.8)
Net cash used in financing activities	—	(82.7)	—	(206.9)	—	(289.6)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(1.2)	—	(1.2)
Net increase (decrease) in cash and cash equivalents	—	(9.4)	—	42.7	—	33.3
Cash and cash equivalents, beginning of period	—	192.1	—	82.5	—	274.6
Cash and cash equivalents, end of period	$ —	$ 182.7	$ —	$ 125.2	$ —	$ 307.9

(1) The Company is a holding company and has no operations apart from those of its operating subsidiaries. Additionally, the Company does not maintain a bank account; rather SCI LLC, its primary operating subsidiary, processes all of its cash receipts and disbursements on its behalf.

See also Note 11: “Commitments and Contingencies—Other Contingencies” for further discussion of the Company’s guarantees.

Note 9: Equity

Income per share calculations for the quarters ended April 3, 2009 and March 28, 2008, are as follows (in millions, except per share data):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Net income (loss) applicable to ON Semiconductor Corporation	$ (33.9)	$ 11.0
Diluted net income (loss) applicable to ON Semiconductor Corporation	$ (33.9)	$ 11.0
Basic weighted average common shares outstanding	413.6	306.8
Add: Incremental shares for:		
Dilutive effect of stock options	—	2.5
Diluted weighted average common shares outstanding	413.6	309.3
Income (loss) per common share attributable to ON Semiconductor Corporation		
Basic:	$ (0.08)	$ 0.04
Diluted:	$ (0.08)	$ 0.04

Basic income (loss) per share is computed by dividing net income by the weighted average number of common shares outstanding during the period.

The number of incremental shares from the assumed exercise of stock options is calculated by applying the treasury stock method. Common shares relating to the employee stock options where the exercise price exceeded the average market price of the Company's common shares or the assumed exercise would have been anti-dilutive during these periods were also excluded from the diluted earnings per share calculation. For the quarter ended April 3, 2009, the effects of stock option shares were not included as the related impact would have been anti-dilutive as the Company generated a net loss. The excluded option shares were 38.0 million for the quarter ended April 3, 2009 and 18.5 million for the quarter ended March 28, 2008.

For the quarters ended April 3, 2009 and March 28, 2008, the assumed conversion of the 1.875% convertible senior subordinated notes was also excluded in determining diluted net income per share. The 1.875% convertible senior subordinated notes are convertible into cash up to the par value of $95.0 million, based on a conversion price of $7.00 per share. The excess of fair value over par value is convertible into stock. As of April 3, 2009 and March 28, 2008, the Company's common stock traded below $7.00; thus, the effects of an assumed conversion would have been anti-dilutive and therefore were excluded.

For the quarters ended April 3, 2009 and March 28, 2008, the assumed conversion of the zero coupon convertible senior subordinated notes was also excluded in determining diluted net income per share. The zero coupon convertible senior subordinated notes are convertible into cash up to the par value of $133.2 million and $260.0 million, based on a conversion price of $9.82 per share at April 3, 2009 and March 28, 2008, respectively. The excess of fair value over par value is convertible into stock. As of April 3, 2009 and March 28, 2008, the Company's common stock traded below $9.82; thus, the effects of an assumed conversion would have been anti-dilutive and therefore were excluded.

For the quarters ended April 3, 2009 and March 28, 2008, the assumed conversion of the 2.625% convertible senior subordinated notes was also excluded in determining diluted net income per share. The 2.625% convertible senior subordinated notes are convertible into cash up to the par value of $484.0 million, based on a conversion price of $10.50 per share. The excess of fair value over par value is convertible into stock. As of April 3, 2009 and March 28, 2008, the Company's common stock traded below $10.50; thus, the effects of an assumed conversion would have been anti-dilutive and therefore were excluded.

Additionally, warrants held by non-employees to purchase 5.3 million shares of the Company's common stock, which were obtained from the AMIS acquisition, were outstanding as of April 3, 2009 and March 28, 2008, but were not included in the computation of diluted net income per share as the effect would have been anti-dilutive under the treasury stock method. Additionally, warrants held by non-employees to purchase 53,000 shares of the Company's common stock, which were issued as part of the Catalyst acquisition, were outstanding as of April 3, 2009, but were not included in the computation of diluted net income per share as the effect would have been anti-dilutive under the treasury stock method.

Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the accompanying consolidated financial statements. None of these shares had been reissued or retired as of April 3, 2009, but may be reissued or retired by the Company at a later date.

At December 31, 2008, the minority interest balance was $17.3 million. This balance increased to $17.7 million at April 3, 2009 due to the minority interest's $0.4 million share of the earnings for the quarter, which has been reflected in the Company's consolidated statement of operations for the quarter ended April 3, 2009.

At December 31, 2007, the minority interest balance was $18.5 million. This balance decreased to $16.7 million at March 28, 2008 due to a dividend payment to the minority interest of $1.5 million as well as the minority interest's share of the losses for the quarter of $0.3 million, which has been reflected in the Company's consolidated statement of operations for the quarter ended March 28, 2008.

Note 10: Employee Stock Benefit Plans

There was an aggregate of 23.4 million and 24.9 million shares of common stock available for grant under the Company's stock option plans at April 3, 2009 and December 31, 2008, respectively.

Stock Options

The fair value of each option grant is estimated on the date of grant using a lattice-based option valuation model. The volatility input is developed using implied volatility. The expected term of options represents the period of time that the options are expected to be outstanding. The expected term disclosed below is computed using the lattice model's estimated fair value as an input to the Black-Scholes formula and solving for expected term. The risk-free rate is based on the average zero-coupon U.S. Treasury yields in effect for the month prior to the date of grant with the same period as the expected term. The weighted-average estimated fair value of stock options granted during the quarters ended April 3, 2009 and March 28, 2008 was $2.27 and $3.06 per share, respectively. The weighted-average assumptions associated with the stock options granted during the period are as follows:

	Quarter Ended	
	April 3, 2009	March 28, 2008
Volatility	77.3%	56.2%
Risk-free interest rate	1.7%	2.8%
Expected term	5.0 years	5.2 years

Pre-vesting forfeitures were estimated to be approximately 12% for the quarter ended April 3, 2009 and 13% for the quarter ended March 28, 2008, based on historical experience.

A summary of stock option transactions for all stock option plans follows (in millions, except per share and term data):

	Quarter Ended April 3, 2009			
	Number of Shares	Weighted-Average Exercise Price	Weighted - Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (In-The-Money)
Outstanding at December 31, 2008	36.5	$ 7.38		
Grants	0.1	3.61		
Exercised	(0.1)	2.23		
Cancellations	(2.0)	10.43		
Outstanding at April 3, 2009	34.5	$ 7.22	5.9	$ 10.10
Exercisable at April 3, 2009	22.5	$ 7.12	4.9	$ 9.60

Additional information about stock options outstanding at April 3, 2009 with exercise prices less than or above $4.91 per share, the closing price of the Company's common stock at April 3, 2009, follows (number of shares in millions):

	Exercisable		Unexerciseable		Total	
Exercise Prices	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Less than $4.91	6.5	$ 3.43	0.7	$ 4.13	7.2	$ 3.50
Above $4.91	16.0	$ 8.62	11.3	$ 7.62	27.3	$ 8.20
Total outstanding	22.5	$ 7.12	12.0	$ 7.41	34.5	$ 7.22

Restricted Stock Units and Awards

Restricted stock units that vest over two to four years with service-based requirements as well as restricted stock units that vest based on performance-based requirements are payable in shares of the Company's stock upon vesting. The following table presents a summary of the status of the Company's restricted stock units granted to certain officers, directors, and employees of the Company as of April 3, 2009, and changes during the quarter ended April 3, 2009, follows (number of shares in millions):

	Quarter Ended April 3, 2009	
	Number of Shares	Weighted-Average Grant Date Fair Value
Nonvested shares of restricted stock units at December 31, 2008	4.9	$ 6.96
Granted	14.3	3.34
Released	(0.7)	7.60
Forfeited	(0.1)	7.11
Nonvested shares of restricted stock units at April 3, 2009	18.4	$ 4.12

During the quarter ended April 3, 2009, the Company granted 0.2 million in restricted stock awards with a weighted average grant date fair value of $3.34 per share to members of the Board of Directors. The awards vested and were issued immediately upon the effective date of the grant.

Employee Stock Purchase Plans

As of April 3, 2009, there were 0.7 million shares available for issuance under the 2000 Employee Stock Purchase Plan ("ESPP"). Pending shareholder approval at our May 2009 annual stockholders meeting, the ESPP will be amended to increase the shares available for future issuance by 6.5 million shares. The Company continues to use the Black-Scholes option-pricing model to calculate the fair value of shares issued under the ESPP. The weighted-average fair value of shares issued under the ESPP during the quarters ended April 3, 2009 and March 28, 2008 were $1.30 per share and $2.31 per share, respectively. The weighted-average assumptions used in the pricing model are as follows:

Employee Stock Purchase Plan	Quarter Ended April 3, 2009	Quarter Ended March 28, 2008
Expected life (in years)	0.25	0.25
Risk-free interest rate	0.1%	3.3%
Volatility	120.0%	55.0%

Share-Based Compensation Expense

Total share-based compensation expense, related to the Company's stock options, restricted stock units, restricted stock awards and employee stock purchase plan, recognized for the quarter ended April 3, 2009 and March 28, 2008 was comprised as follows (in millions, except per share data):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Cost of revenues	$ 2.9	$ 1.4
Research and development	2.0	0.9
Selling and marketing	2.4	0.9
General and administrative	5.4	3.5
Share-based compensation expense before income taxes	12.7	6.7
Related income tax benefits (1)	—	—
Share-based compensation expense, net of taxes	$ 12.7	$ 6.7

(1) Most of the Company's share-based compensation relates to its domestic subsidiaries which have historically experienced recurring net operating losses; therefore, no related income tax benefits are expected.

At April 3, 2009, total unrecognized share-based estimated compensation expense net of estimated forfeitures related to non-vested stock options and non-vested restricted stock units granted prior to that date was $25.4 million and $46.4 million, respectively. The total intrinsic value of stock options exercised during the quarter ended April 3, 2009 was $0.3 million. The Company recorded cash received from the exercise of stock options of $0.4 million and cash from issuance of shares under the ESPP of $1.0 million and no related tax benefits during the quarter ended April 3, 2009. Upon option exercise or completion of a purchase under the ESPP, the Company issues new shares of stock.

Note 11: Commitments and Contingencies

Leases

The following is a schedule by year of future minimum lease obligations under non-cancelable operating leases as of April 3, 2009 (in millions):

Remainder of 2009	$ 16.5
2010	16.0
2011	12.5
2012	9.8
2013	5.1
Thereafter	17.1
Total (1)	$ 77.0

(1) Minimum payments have not been reduced by minimum sublease rentals of $0.4 million due in the future under subleases.

Other Contingencies

The Company's headquarters and manufacturing facility in Phoenix, Arizona is located on property that is a "Superfund" site, a property listed on the National Priorities List and subject to clean-up activities under the Comprehensive Environmental Response, Compensation, and Liability Act. Motorola is actively involved in the cleanup of on-site solvent contaminated soil and groundwater and off-site contaminated groundwater pursuant to consent decrees with the State of Arizona. As part of the recapitalization, Motorola has retained responsibility for this contamination, and has agreed to indemnify the Company with respect to remediation costs and other costs or liabilities related to this matter.

Manufacturing facilities in Slovakia and in the Czech Republic have ongoing remediation projects to respond to releases of hazardous substances that occurred during the years that these facilities were operated by government-owned entities. In each case, these remediation projects consist primarily of monitoring groundwater wells located on-site and off-site with additional action plans developed to respond in the event activity levels are exceeded at each of the respective locations. The governments of the Czech Republic and Slovakia have agreed to indemnify the Company and the respective subsidiaries, subject to specified limitations, for remediation costs associated with this historical contamination. Based upon the information available, total future remediation costs to the Company are not expected to be material.

The Company's design center in East Greenwich, Rhode Island has adjoining property that has localized soil contamination. In connection with the purchase of the facility, the Company entered into a Settlement Agreement and Covenant Not to Sue with the State of Rhode Island. This agreement requires that remedial actions be undertaken and a quarterly groundwater monitoring program be initiated by the former owners of the property. Based on the information available, any costs to the Company in connection with this matter are not expected to be material.

As a result of the acquisition of AMIS, the Company is a "primary responsible party" to an environmental remediation and cleanup at AMIS's former corporate headquarters in Santa Clara, California. Costs incurred by AMIS include implementation of the clean-up plan, operations and maintenance of remediation systems, and other project management costs. However, AMIS's former parent company, a subsidiary of Nippon Mining contractually agreed to indemnify AMIS and the Company for any obligation relating to environmental remediation and cleanup at this location. In accordance with Statement of Position (SOP) No. 96-1, "Environmental Remediation Liabilities," the Company has not offset the receivable from Nippon Mining's subsidiary against the estimated liability on the consolidated balance sheets. Therefore, a receivable from Nippon Mining's subsidiary is recorded on the accompanying consolidated balance sheets as of April 3, 2009 related to this matter for approximately $0.1 million. The Company does not believe that the liability and receivable amounts are material to the Company's consolidated financial position, results of operations or cash flows.

A bank guarantee of $4.8 million was issued on behalf of the Company under a non-reusable commitment credit with the bank as of April 3, 2009. The Belgian bank that issued the guarantee has the right to create a mortgage on the real property of one of our European subsidiaries in the amount of $3.0 million but had not done so as of April 3, 2009. The Company also has outstanding guarantees and letters of credit outside of its revolving facility and the non-reusable commitment credit totaling $34.0 million at April 3, 2009.

As part of securing financing in the normal course of business, the Company issued a guarantee related to one of its capital lease obligations which totaled approximately $22.8 million as of April 3, 2009. In addition, SCI LLC, the Company's primary domestic operating subsidiary, guarantees on an unsecured basis approximately $5.3 million of a loan by one of its Japanese subsidiaries. For its operating leases, the Company expects to make cash payments and similarly incur expenses totaling $77.0 million as payments come due. The Company had not recorded any liability in connection with these operating leases, letters of credit and guarantee arrangements.

Based on historical experience and information currently available, the Company believes it will not be required to make payments under the standby letters of credit or guarantee arrangements.

Indemnification Contingencies

The Company is a party to a variety of agreements entered into in the ordinary course of business pursuant to which it may be obligated to indemnify the other parties for certain liabilities that arise out of or relate to the subject matter of the agreements. Some of the agreements entered into by the Company require it to indemnify the other party against losses due to intellectual property infringement, property damage including environmental contamination, personal injury, failure to comply with applicable laws, the Company's negligence or willful misconduct, or breach of representations and warranties and covenants related to such matters as title to sold assets.

The Company is a party to various agreements with Motorola which were entered into in connection with the Company's separation from Motorola. Pursuant to these agreements, the Company has agreed to indemnify Motorola for losses due to, for example, breach of representations and warranties and covenants, damages arising from assumed liabilities or relating to allocated assets, and for specified environmental matters. The Company's obligations under these agreements may be limited in terms of time and/or amount and payment by the Company is conditioned on Motorola making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow the Company to challenge Motorola's claims.

The Company faces risk of exposure to warranty and product liability claims in the event that its products fail to perform as expected or such failure of its products results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of the Company's designed products are alleged to be defective, the Company may be required to participate in their recall. Depending on the significance of any particular customer and other relevant factors, the Company may agree to provide more favorable indemnity rights to such customers for valid warranty claims.

In connection with the acquisition of the LSI's Gresham, Oregon wafer fabrication facility, and ADI's PTC Business, we entered into various agreements with LSI and ADI, respectively. Pursuant to certain of these agreements, we agreed to indemnify LSI and ADI, respectively, for certain things limited in most instances by time and/or monetary amounts.

The Company and its subsidiaries provide for indemnification of directors, officers and other persons in accordance with limited liability agreements, certificates of incorporation, by-laws, articles of association or similar organizational documents, as the case may be. The Company maintains directors' and officers' insurance, which should enable it to recover a portion of any future amounts paid.

In addition to the above, from time to time the Company provides standard representations and warranties to counterparties in contracts in connection with sales of its securities and the engagement of financial advisors and also provides indemnities that protect the counterparties to these contracts in the event they suffer damages as a result of a breach of such representations and warranties or in certain other circumstances relating to the sale of securities or their engagement by the Company.

While the Company's future obligations under certain agreements may contain limitations on liability for indemnification, other agreements do not contain such limitations and under such agreements it is not possible to predict the maximum potential amount of future payments due to the conditional nature of the Company's obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by the Company under any of these indemnities have not had a material effect on the Company's business, financial condition, results of operations or cash flows. Additionally, the Company does not believe that any amounts that it may be required to pay under these indemnities in the future will be material to the Company's business, financial position, results of operations or cash flows.

Legal Matters

The Company currently is involved in a variety of legal matters that arise in the normal course of business. Based on information currently available, management does not believe that the ultimate resolution of these matters, including the matters described or referred to in the next paragraphs will have a material effect on the Company's financial condition, results of operations or cash flows. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, the Company's business, consolidated financial position, results of operations or cash flows could be materially and adversely affected.

Securities Class Action Litigation

During the period July 5, 2001 through July 27, 2001, the Company was named as a defendant in three shareholder class action lawsuits that were filed in federal court in New York City against the Company and certain of its former officers, current and former directors and the underwriters for our initial public offering. The lawsuits allege violations of the federal securities laws and have been docketed in the U.S. District Court for the Southern District of New York ("District Court") as: *Abrams v. ON Semiconductor Corp., et al., C.A. No 01-CV-6114; Breuer v. ON Semiconductor Corp., et al., C.A. No. 01-CV-6287; and Cohen v. ON Semiconductor Corp., et al.,* C.A. No. 01-CV-6942. On April 19, 2002, the plaintiffs filed a single consolidated amended complaint that supersedes the individual complaints originally filed. The amended complaint alleges, among other things, that the underwriters of our initial public offering improperly required their customers to pay the underwriters' excessive commissions and to agree to buy additional shares of the Company's common stock in the aftermarket as conditions of receiving shares in the Company's initial public offering. The amended complaint further alleges that these supposed practices of the underwriters should have been disclosed in the Company's initial public offering prospectus and registration statement. The amended complaint alleges violations of both the registration and antifraud provisions of the federal securities laws and seeks unspecified damages. The Company understands that various other plaintiffs have filed substantially similar class action cases against approximately 300 other publicly-traded companies and their public offering underwriters in New York City, which have all been transferred, along with the case against the Company, to a single federal district court judge for purposes of coordinated case management. The Company believes that the claims against it are without merit and has defended, and intends to continue to defend, the litigation vigorously. The litigation process is inherently uncertain, however, and the Company cannot guarantee that the outcome of these claims will be favorable for it.

On July 15, 2002, together with the other issuer defendants, the Company filed a collective motion to dismiss the consolidated, amended complaints against the issuers on various legal grounds common to all or most of the issuer defendants. The underwriters also filed separate motions to dismiss the claims against them. In addition, the parties have stipulated to the voluntary dismissal without prejudice of the Company's individual former officers and current and former directors who were named as defendants in the Company's litigation, and they are no longer parties to the litigation. On February 19, 2003, the District Court issued its ruling on the motions to dismiss filed by the underwriter and issuer defendants. In that ruling the District Court granted in part and denied in part those motions. As to the claims brought against the Company under the antifraud provisions of the securities laws, the District Court dismissed all of these claims with prejudice, and refused to allow plaintiffs the opportunity to re-plead these claims. As to the claims brought under the registration provisions of the securities laws, which do not require that intent to defraud be pleaded, the District Court denied the motion to dismiss these claims as to the Company and as to substantially all of the other issuer defendants as well. The District Court also denied the underwriter defendants' motion to dismiss in all respects.

In June 2003, upon the determination of a special independent committee of the Company's Board of Directors, the Company elected to participate in a proposed settlement with the plaintiffs in this litigation. Had it been approved by the District Court, this proposed settlement would have resulted in the dismissal, with prejudice, of all claims in the litigation against the Company and against any of the other issuer defendants who elected to participate in the proposed settlement, together with the current or former officers and directors of participating issuers who were named as individual defendants. This proposed issuer settlement was conditioned on, among other things, a ruling by the District Court that the claims against the Company and against the other issuers who had agreed to the settlement would be certified for class action treatment for purposes of the proposed settlement, such that all investors included in the proposed classes in these cases would be bound by the terms of the settlement unless an investor opted to be excluded from the settlement in a timely and appropriate fashion.

On December 5, 2006, the U.S. Court of Appeals for the Second Circuit ("Court of Appeals") issued a decision in *In re Initial Public Offering Securities Litigation* that six purported class action lawsuits containing allegations substantially similar to those asserted against the Company could not be certified as class actions due, in part, to the Court of Appeals' determination that individual issues of reliance and knowledge would predominate over issues common to the proposed classes. On January 8, 2007, the plaintiffs filed a petition seeking rehearing *en banc* of this ruling. On April 6, 2007, the Court of Appeals denied the plaintiffs' petition for rehearing of the Court of Appeals' December 5, 2006 ruling. The Court of Appeals, however, noted that the plaintiffs remained free to ask the District Court to certify classes different from the ones originally proposed which might meet the standards for class certification that the Court of Appeals articulated in its December 5, 2006 decision. In light of the Court of Appeals' December 5, 2006 decision regarding certification of the plaintiffs' claims, the District Court entered an order on June 25, 2007 terminating the proposed settlement between the plaintiffs and the issuers, including the Company.

On August 14, 2007, the plaintiffs filed amended complaints in the six focus cases. The issuer defendants and the underwriter defendants separately moved to dismiss the claims against them in the amended complaints in the six focus cases. On March 26, 2008, the District Court issued an order in which it denied in substantial part the motions to dismiss the amended complaints in the six focus cases.

On February 25, 2009, the parties advised the District Court that they have reached an agreement-in-principle to settle the litigation in its entirety. A stipulation of settlement was filed with the District Court on April 2, 2009. The proposed global settlement remains subject to preliminary and final approval by the District Court. The settlement calls for a total payment of $586 million from all defendants, including underwriters, of which $100 million is allocated to the approximately 300 issuer defendants. Under the proposed global settlement, the Company's insurers would pay the full amount of settlement share allocated to the Company, and the Company would bear no financial liability. The Company, as well as the officer and director defendants (current and former) who were previously dismissed from the action pursuant to tolling agreements, would receive complete dismissals from the case. While the Company can make no assurances or guarantees as to the outcome of these proceedings, the Company believes that the final result of this action will have no material effect on its consolidated financial position, results of operations or cash flows.

Intellectual Property Matters

The Company faces risk to exposure from claims of infringement of the intellectual property rights of others. In the ordinary course of business, the Company receives letters asserting that our products or components breach another party's rights. These threats may seek that the Company make royalty payments, that the Company stop use of such rights, or other remedies.

On April 18, 2008, LSI Logic Corporation ("LSI") and Agere Systems Inc. ("Agere") (which was acquired by LSI in 2007) filed a new patent infringement action with the U.S. International Trade Commission ("ITC") naming 18 semiconductor companies including the Company. LSI and Agere also filed a parallel patent infringement lawsuit against the same companies in the Federal District Court in the Eastern District of Texas ("Texas District Court"). LSI and Agere are seeking an injunction and damages in an unspecified amount relating to such alleged infringement. The patent relates to semiconductor wafer processing. The Company believes that it is already licensed to the asserted patent through pre-existing patent license agreements with LSI and Agere, and that these licenses cover all of our relevant wafer operations. LSI and Agere have agreed with our assertion that the Company is already licensed. As a result, on March 4, 2009, the parties executed a settlement agreement and subsequently filed motions to dismiss the actions in the ITC and the Texas District Court. The motion to dismiss the ITC action was granted on April 9, 2009, and the motion to dismiss the Texas District Court action is was granted with prejudice on March 11, 2009, bringing this matter to a close with no material adverse effect on our consolidated financial position, results of operations or cash flows.

Prior to the acquisition of AMIS by the Company on March 17, 2008, on July 19, 2007, AMIS was served with an amended complaint filed against its operating company, AMI Semiconductor, Inc., and its Belgian subsidiary, AMI Semiconductor Belgium B.V.B.A., by PowerDsine, Inc., and PowerDsine, Ltd., subsidiaries of Microsemi Corporation ("PowerDsine"), in the District Court related to AMIS's recently announced power-over-Ethernet ("PoE") Power Sourcing Equipment ("PSE") application specific integrated circuit products custom-designed for Broadcom Corporation. The complaint alleged that AMIS breached the terms of a nondisclosure agreement between the parties and that AMIS interfered with a PowerDsine, Ltd. employment contract with a former employee who left PowerDsine and came to work for AMIS. This second claim was later dismissed by PowerDsine on August 10, 2007. In the complaint, PowerDsine seeks injunctive relief and damages in excess of $150 million. AMIS has denied PowerDsine's claims and has filed counterclaims against PowerDsine and Microsemi for defamation. In December 2008, the District Court held on summary judgment that PowerDsine and Microsemi's statements did not constitute defamation under California state law (where the statements by Microsemi were made). Also in December 2008, the parties participated in a mandatory mediation with a Magistrate Judge for the District Court, but arrived at no settlement. Discovery in the case is complete and the trial began in New York on February 2, 2009 and was scheduled to be completed by February 13, 2009. On February 10, 2009, the District Court judge suspended the trial until March 23, 2009 to allow for further mediation in an effort to resolve the dispute. On April 28, 2009, the parties executed a settlement agreement. On April 29, 2009, the parties filed a motion to dismiss this action in District Court, which was granted with prejudice on April 30, 2009, bringing this matter to a close with no material adverse effect on our consolidated financial position, results of operations or cash flows.

Prior to the acquisition of AMIS by us on March 17, 2008, in January 2003, Ricoh Company, Ltd. ("Ricoh") filed in the U.S. District Court for the District of Delaware a complaint against AMIS and other parties alleging infringement of a patent owned by Ricoh. The case has been transferred to the U.S. District Court for the Northern District of California. Ricoh is seeking an injunction and damages in an unspecified amount relating to such alleged infringement. The patents relate to certain methodologies for the automated design of custom semiconductors. The case was scheduled to go to trial in March 2007; however, in December 2006 the court issued an order staying the case pending a re-examination proceeding filed by Synopsys, Inc. ("Synopsys") before the U.S. Patent & Trademark Office ("PTO") challenging the validity of the patent claims at issue in this case. Since that time, Synopsis has filed a total of three re-examination petitions with the PTO challenging the validity of the claims at issue. The PTO granted all three petitions and consolidated all three re-examinations into one proceeding before a single examiner. In April 2008, the court lifted the stay despite the ongoing reexamination proceedings in the PTO which proceedings were subsequently completed in September 2008 and the PTO issued a final rejection of all claims in the asserted patent over prior art. Ricoh has filed a notice of appeal with PTO and had until February 24, 2009 to file its appeal brief. Additionally, in September 2008, the court granted defendants request to refile its summary judgment motion on non-infringement that had been vacated as moot when the stay was imposed in December 2006. A hearing on defendants' motion for summary judgment was scheduled for January 30, 2009 but was cancelled by the judge who instead told both parties that he would issue his order without holding a hearing. On March 6, 2009, the judge issued a ruling denying the motion for summary judgment without prejudice because of a factual dispute over a patent claim element. The judge has scheduled a further hearing on the disputed claim element for May 22, 2009. On April 3, 2009, the parties exchanged opening briefs on the disputed claim, and exchanged responsive briefs on April 24, 2009. If Synopsis obtains a favorable ruling on the claim construction issue, Synopsys plans to refile its motion for summary judgment. The Company believes that the asserted claims are without merit, and even if meritorious, that the Company will be indemnified against damages by Synopsys, and that resolution of this matter will not have a material adverse effect on its consolidated financial position, results of operations, financial condition or cash flows.

During the first quarter of 2009, the Company favorably settled two intellectual property matters for which the Company received combined proceeds of $17.3 million. The proceeds primarily related to the Company's assertion of certain patents in its portfolio and the resulting settlement that included a license. Due to these settlements, the Company recorded approximately $14.8 million of proceeds received as recovery of previously expensed research and development expenses and recognized the remaining gain of $2.5 million in restructuring, asset impairment and other, net.

Note 12: Recent Accounting Pronouncements

In December 2008, the FASB issued FSP FAS 132 (R)-1, "Employers' Disclosures about Post-retirement Benefit Plan Assets," which amends SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits." This FSP provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plans. The objectives of these disclosures are to provide users of financial statements with an understanding of:

- how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;

- the major categories of plan assets;
- the inputs and valuation techniques used to measure the fair value of plan assets;
- the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assts for the period; and
- significant concentrations of risk within plan assets

The disclosures about plan assets required by this FSP shall be provided for fiscal years ending after December 15, 2009. We are currently evaluating the impact of adopting this new standard.

Effective January 1, 2009, the Company adopted SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" (SFAS No. 161). SFAS No. 161 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133) which requires enhanced disclosures of derivative instruments and hedging activities such as the fair value of derivative instruments and presentation of their gains or losses in tabular format, as well as disclosures regarding credit risks and strategies and objectives for using derivative instruments. The adoption of SFAS 161 did not have a material effect on the Company's financial statements.

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"), to address challenges in estimating fair value when the volume and level of activity for an asset or liability have significantly decreased. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. This FSP is effective for interim and annual reporting periods ending after June 15, 2009. The Company has concluded that FSP FAS 157-4 will not have an impact on the Company's consolidated financial statements upon adoption.

In April 2009, the FASB issued FSP FAS 107-1 and ABP 28-1, "Interim Disclosure about Fair Value of Financial Instruments" ("FSP FAS 107-1 and ABP 28-1"). This FSP amends FASB Statement No. 107, "Disclosures about Fair Value of Financial Instruments, " to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, "Interim Financial Reporting," to require those disclosures in summarized financial information at interim reporting periods. This FSP is effective for interim reporting periods ending after June 15, 2009. The Company has concluded that FSP FAS 107-1 and ABP 28-1 will not have a material impact on the Company's consolidated financial statements upon adoption.

Note 13: Segment Information

In January 2009, the Company announced a change in its organizational structure and previously-reported information has been recast to reflect the current organizational structure. The Company is organized into four operating segments, which also represent four reporting segments: automotive and power group, standard products group, computing and consumer products group and digital and mixed-signal products group. Each of the Company's major product lines has been examined and each product line has been assigned to a segment, as illustrated in the table below, based on the Company's operating strategy. Because many products are sold into different end markets, the total revenue reported for a segment is not indicative of actual sales in the end market associated with that segment, but rather is the sum of the revenue from the product lines assigned to that segment. These segments represent the Company's view of the business and as such are used to evaluate progress of major initiatives.

Automotive & Power Group	Standard Products	Computing & Consumer Products	Digital & Mixed-Signal Products Group
Low & Medium MOSFET	Bipolar Power	DC-DC Conversion	Medical
Analog Automotive	Thyristor	Analog Switches	ISP
Auto Power	Small Signal	AC-DC Conversion	Military & Aerospace
LDO & Vregs	Zener	Low Voltage	Industrial
Automotive	Protection	Standard Logic	Communications & High Voltage
	Rectifier	Power Switching	High Frequency
	Filters	Signal & Interface	Foundry
	Memory Products		

The accounting policies of the segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on income or loss from operations before interest, nonrecurring gains and losses, foreign exchange gains and losses, income taxes, restructuring, asset impairments and other, net, goodwill impairment and certain other unallocated manufacturing and operating expenses.

The Company's wafer manufacturing facilities fabricate integrated circuits for all business units as necessary and their operating costs are reflected in the segments' cost of revenues on the basis of product costs. Because operating segments are generally defined by the products they design and sell, they do not make sales to each other. The Company does not discretely allocate assets to its operating segments, nor does management evaluate operating segments using discrete asset information. From time to time the Company reassesses the alignment of its product families and devices to its operating segments and may move product families or individual devices from one operating segment to another.

In addition to the operating segments mentioned above, the Company also operates global operations, sales and marketing, information systems, finance and administration groups that are led by executive or senior vice presidents who report to the Chief Executive Officer. A portion of the expenses of these groups are allocated to the segments based on specific and general criteria and are included in the operating results reported below. The Company does not allocate income taxes or interest expense to its operating segments as the operating segments are principally evaluated on operating profit before interest and taxes. Additionally, restructuring, asset impairments and other, net and certain other manufacturing and operating expenses, which includes corporate research and development costs, unallocated inventory reserves and miscellaneous nonrecurring expenses, are not allocated to any segment as they are not included in the segment operating performance measures utilized by our chief operating decision maker for decision making purposes.

Revenues, gross profit and operating income for the Company's reportable segments for the quarters ended April 3, 2009 and March 28, 2008 are as follows (in millions):

	Automotive & Power Group	Computing & Consumer Group	Digital & Mixed-Signal Product Group	Standard Products Group	Total
For quarter ended April 3, 2009:					
Revenues from external customers	$ 84.7	$ 85.8	$ 90.0	$ 118.6	$379.1
Segment gross profit	$ 22.3	$ 26.8	$ 45.4	$ 28.0	$122.5
Segment operating income (loss)	$ (2.5)	$ 2.3	$ 12.3	$ 10.4	$ 22.5
For quarter ended March 28, 2008:					
Revenues from external customers	$ 102.6	$ 128.1	$ 56.6	$ 134.6	$421.9
Segment gross profit	$ 38.6	$ 54.9	$ 12.4	$ 51.0	$156.9
Segment operating income	$ 18.7	$ 23.6	$ 4.5	$ 30.9	$ 77.7

Depreciation and amortization expense is included in segment operating income. Reconciliations of segment gross profit and segment operating income to the financial statements are as follows (in millions):

	Quarter Ended	
	April 3, 2009	March 28, 2008
Gross profit for reportable segments	$ 122.5	$ 156.9
Unallocated amounts:		
Other unallocated manufacturing costs	(10.4)	(10.3)
Gross profit	$ 112.1	$ 146.6
Operating income for reportable segments	$ 22.5	$ 77.7
Unallocated amounts:		
Restructuring and other charges	(9.6)	(5.8)
Other unallocated manufacturing costs	(10.4)	(10.3)
Other unallocated operating expenses	(7.1)	(30.8)
Operating income (loss)	$ (4.6)	$ 30.8

The Company operates in various geographic locations. Sales to unaffiliated customers have little correlation with the location of manufacturers. The Company conducts a substantial portion of its operations outside of the United States and is subject to risks associated with non-U.S. operations, such as political risks, currency controls and fluctuations, tariffs, import controls and air transportation.

Revenues by geographic location and product line, including local sales and exports made by operations within each area, based on shipments from the respective country are summarized as follows (in millions):

	Quarter Ended	
	April 3, 2009	March 28, 2008
United States	$ 113.7	$ 100.4
The Other Americas	0.5	0.5
United Kingdom	47.7	57.9
Belgium	27.4	10.5
China	100.2	170.6
Singapore	62.2	36.7
The Other Asia/Pacific	26.7	45.3
The Other Europe	0.7	—
	$ 379.1	$ 421.9

Property, plant and equipment by geographic location is summarized as follows (in millions):

	April 3, 2009	December 31, 2008
United States	$192.0	$ 195.7
China	112.4	117.5
Europe	112.1	114.9
Malaysia	109.3	109.9
The Other Asia/Pacific	102.8	106.3
Japan	69.1	77.4
Belgium	44.1	45.9
The Other Americas	3.1	3.2
	$744.9	$ 770.8

For the quarter ended April 3, 2009, one of the Company’s customers accounted for 10% of the Company’s total revenues. For the quarter ended March 28, 2008, one of the Company’s customers accounted for 10% of the Company’s total revenues.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

You should read the following discussion in conjunction with our audited historical consolidated financial statements, which are included in our Form 10-K, filed with the SEC on February 27, 2009, and our unaudited consolidated financial statements for the fiscal quarter ended April 3, 2009, included elsewhere in this Form 10-Q. Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks, uncertainties and other factors. Actual results could differ materially because of certain factors discussed below or elsewhere in this Form 10-Q. See Part II, Item 1A. "Risk Factors" of this Form 10-Q and of our most recent Form 10-K.

Executive Overview

This Executive Overview presents summary information regarding our industry, markets and operating trends only. For further information regarding the events summarized herein, you should read "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its entirety.

Industry Overview

We participate in unit and revenue surveys and use data summarized by the World Semiconductor Trade Statistics ("WSTS") group to evaluate overall semiconductor market trends and also to track our progress against the total market in the areas we provide semiconductor components. The most recently published estimates of WSTS project a compound annual growth rate in our total addressable market of approximately negative 1.0% during 2009 through 2011. These are not our projections and may not be indicative of actual results.

Business and Company Overview

We classify our products broadly as power, analog, digital signal processing, mixed-signal, advanced logic, memory, data management semiconductors and standard semiconductor components. We design, manufacture and market an extensive portfolio of semiconductor components that addresses the design needs of sophisticated electronic systems and products. Our power management semiconductor components control, convert, protect and monitor the supply of power to the different elements within a wide variety of electronic devices. Our custom application specific integrated circuits use analog, digital signal processing, mixed-signal and advanced logic capabilities to act as the brain behind many of our automotive, medical, military, aerospace, consumer and industrial customers' unique products. Our data management semiconductor components provide high-performance clock management and data flow management for precision computing and communications systems. Our standard semiconductor components serve as "building block" components within virtually all electronic devices. These various products fall into the logic, analog and discrete categories used by WSTS.

We serve a broad base of end-user markets, including power supply, automotive, communications, computer, consumer, medical, industrial, mobile phone and military/aerospace. Applications for our products in these markets include portable electronics, computers, game stations, servers, automotive and industrial automation control systems, routers, switches, storage-area networks and automated test equipment.

Our extensive portfolio of devices enables us to offer advanced integrated circuits and the "building block" components that deliver system level functionality and design solutions. Our product portfolio currently comprises approximately 46,700 products and we shipped approximately 5.8 billion units in the first quarter of 2009 as compared to approximately 8.1 billion units in the first quarter of 2008. We specialize in micro packages, which offer increased performance characteristics while reducing the critical board space inside today's ever shrinking electronic devices. We believe that our ability to offer a broad range of products provides our customers with single source purchasing on a cost-effective and timely basis.

On March 17, 2008, we completed the purchase of AMIS Holdings, Inc., a Delaware corporation ("AMIS"), whereby AMIS became our wholly-owned subsidiary. At the effective time of the merger, each issued and outstanding share of common stock of AMIS was converted into 1.15 shares of our common stock. The aggregate purchase price was approximately $939.7 million, which included common stock, restricted stock units ("RSUs"), options and warrants issued and estimated direct transaction costs. We believe the combination has enhanced and will enhance shareholder value by (1) accelerating our transformation from a discrete supplier to a key supplier with scale; (2) strengthening our end-market presence, facilitating our entry into new markets and deepening customer relationships; (3) obtaining significant scale and cash flow generation; and (4) achieving cost savings by leveraging our operational excellence and accelerating the ramp of activity in our Gresham, Oregon wafer fabrication facility (see Note 5: "Acquisitions" of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for further discussion).

On October 10, 2008, we completed the purchase of Catalyst Semiconductor, Inc., a Delaware corporation ("Catalyst") whereby Catalyst became our wholly-owned subsidiary. At the effective time of the merger, each issued and outstanding share of common stock of Catalyst was converted into 0.706 shares of our common stock. The aggregate purchase price was approximately $120.1 million, which includes common stock, RSU's , options and warrants issued and estimated direct transaction costs. We believe the combination has enhanced and will enhance shareholder value by (1) accelerating our higher margin analog products for the digital consumer market; (2) providing entry into the EEPROM business; (3) leveraging scale to drive growth in the business; and (4) achieving cost savings by leveraging our operational excellence and increasing the activity in our Gresham, Oregon wafer fabrication facility (see Note 5: "Acquisitions" of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for further discussion).

In January 2009, we implemented a change in our organizational structure and previously-reported reporting segment information has been recast to reflect the new organizational structure. We are organized into four operating segments, which also represent four reporting segments: automotive and power group, standard products, computing and consumer products and digital and mixed-signal product group. Each of our major product lines has been assigned to a segment, as illustrated in the table below, based on our operating strategy. Because many products are sold into different end markets, the total revenue reported for a segment is not indicative of actual sales in the end market associated with that segment, but rather is the sum of the revenues from the product lines assigned to that segment. From time to time we reassess the alignment of our product families and devices to our operating segments and may move product families or individual devices from one operating segment to another.

Automotive & Power Group	Standard Products	Computing & Consumer Products	Digital & Mixed-Signal Products Group
Low & Medium MOSFET	Bipolar Power	DC-DC Conversion	Medical
Analog Automotive	Thyristor	Analog Switches	ISP
Auto Power	Small Signal	AC-DC Conversion	Military & Aerospace
LDO & Vregs	Zener	Low Voltage	Industrial
Automotive	Protection	Standard Logic	Communications & High Voltage
	Rectifier	Power Switching	High Frequency
	Filters	Signal & Interface	Foundry
	Memory Products		

We have over 446 direct customers worldwide, and we also service approximately 293 significant original equipment manufacturers indirectly through our distributor and electronic manufacturing service provider customers. Our direct and indirect customers include: (1) leading original equipment manufacturers in a broad variety of industries, such as Motorola, Delta, Hewlett-Packard, Hella, Schneider, GE, Samsung, Continental Automotive Systems, Siemens, Honeywell, Apple, Dell, Nokia, Intel, and Sony; (2) electronic manufacturing service providers, such as Flextronics and Jabil; and (3) global distributors, such as Arrow, Avnet, EBV Elektronik, Future, Solomon Enterprise and World Peace.

We currently have major design operations in Arizona, Rhode Island, Idaho, California, Texas, Oregon, China, Romania, Slovakia, the Czech Republic, Korea, Belgium, Canada, Germany, Bulgaria, Ireland and France, and we currently operate manufacturing facilities in Arizona, Oregon, Idaho, Belgium, China, the Czech Republic, Japan, Malaysia, the Philippines, and Slovakia and Thailand. In the first quarter of 2007, we announced the planned closing of one of our Arizona manufacturing facilities adjacent to our headquarters offices. During the second quarter of 2008, we began the process of closing our wafer fabrication facility in Piestany, Slovakia for cost savings purposes. The wafer manufacturing that takes place at these facilities is being transferred to our off-shore, low-cost manufacturing facilities. On February 4, 2009, we announced plans to close our remaining Arizona manufacturing facility adjacent to our headquarters offices for cost savings purposes. The remaining unused property and buildings associated with our headquarters offices are currently being marketed for sale or lease. We will maintain our headquarters offices and any remaining manufacturing facilities on the portions of the property that are not for sale.

New Product Innovation

As a result of the success of our research and development initiatives, excluding the introduction of lead-free products, we introduced 241 new product families in 2008, of which 73 were generated from the acquisitions of AMIS and Catalyst, and 168 were generated from our existing business operations. During the first quarter ended April 3, 2009, we introduced an additional 33 new product families. Our new product development efforts continue to be focused on building solutions in power management that appeal to customers in focused market segments and across multiple high growth applications. As always, it is our practice to regularly re-evaluate our research and development spending, to assess the deployment of resources and to review the funding of high growth technologies regularly. We deploy people and capital with the goal of maximizing our investment in research and development in order to position us for continued growth. As a result, we often invest opportunistically to refresh existing products in our commodity logic, analog, and discrete products. We invest in these initiatives when we believe there is a strong customer demand or opportunities to innovate our current portfolio in high growth markets and applications.

Cost Savings and Restructuring Activities

We continue to implement profitability enhancement programs to improve our cost structure and, as a result, we expect to rank, as compared to our primary competitors, among the lowest in terms of cost structure.

During the second quarter of 2008, we began the process of closing our wafer fabrication facility in Piestany, Slovakia which resulted in the elimination of approximately 430 positions. We expect full annual savings from this announcement to be approximately $12.0 million to $16.0 million annually beginning in the second quarter of 2009.

During the first quarter of 2009, in response to the economic downturn, we commenced certain actions to reduce overall spending levels, including: a reduction in 2009 planned capital expenditures to between $55 million and $60 million compared to normalized levels of between $130 million and $140 million; a temporary hiring freeze; the elimination of bonus payments during 2009; three weeks of unpaid time off for senior executives in both the first and second quarters of 2009; two weeks of unpaid time off or 4 day work week (based upon local legal requirements) for other employees in both the first and second quarters of 2009; no annual merit increases; and a reduction in worldwide personnel.

The actions we announced during the first quarter of 2009 are expected to reduce total fixed costs by approximately $40 million to $50 million a quarter, of which $10 million to $15 million will be from temporary actions. These actions are expected to reduce operating expense by approximately $20.0 million. The Company expects initial benefits to increase throughout 2009.

Our profitability enhancement programs will continue to focus on:

- consolidating manufacturing sites to improve economies of scale;
- transferring production to lower cost regions;
- increasing die manufacturing capacity in a cost-effective manner by moving production from 4” and 6” to 8” wafers resulting in an increase to the number of die per square inch;
- reducing the number of product platforms and process flows; and
- focusing production on profitable product families.

Outlook

Based upon product booking trends, backlog levels, manufacturing services revenues and estimated turns levels, we anticipate that total revenues will be approximately $395 million to $410 million in the second quarter of 2009. Backlog levels at the beginning of the second quarter of 2009 we up from backlog levels at the beginning of the first quarter of 2009 and represent approximately 80% of our anticipated second quarter 2009 revenues. We expect that average selling prices for the second quarter of 2009 will be down approximately 1% to 2% from the first quarter of 2009. We expect cash capital expenditures of approximately $20 million in the second quarter of 2009.

For the second quarter of 2009, we expect gross profit as a percentage of revenues to be approximately 31.5% to 32.5%. For the second quarter of 2009, we also expect total operating expenses of approximately $130 million to $135 million, which includes amortization of intangibles, stock based compensation expense, restructuring, asset impairments and other charges of approximately $25 million.

We anticipate that net interest expense and other expenses will be approximately $20 million for the second quarter of 2009, which includes non-cash interest expense of approximately $9 million from the adoption of FASB APB 14-1 relating to our convertible senior subordinated notes. We expect cash payments of income taxes to be approximately $3 million. We also expect stock compensation expense of approximately $15 million to $16 million in the second quarter of 2009.

Results of Operations

Quarter Ended April 3, 2009 Compared to Quarter Ended March 28, 2008

The following table summarizes certain information relating to our operating results that has been derived from our unaudited consolidated financial statements for the quarters ended April 3, 2009 and March 28, 2008. The amounts in the following table are in millions:

	Quarter ended April 3, 2009	Quarter ended March 28, 2008	Dollar Change
Revenues	$379.1	$ 421.9	$(42.8)
Cost of revenues	267.0	275.3	(8.3)
Gross profit	112.1	146.6	(34.5)
Operating expenses:			
Research and development	43.6	40.3	3.3
Selling and marketing	29.0	25.8	3.2
General and administrative	27.3	23.8	3.5
In-process research and development	—	17.7	(17.7)
Amortization of acquisition-related intangible assets	7.2	2.4	4.8
Restructuring, asset impairments and other net	9.6	5.8	3.8
Total operating expenses	116.7	115.8	0.9
Operating income (loss)	(4.6)	30.8	(35.4)
Other income (expenses):			
Interest expense	(17.7)	(19.1)	1.4
Interest income	0.4	2.0	(1.6)
Other	(2.2)	(1.9)	(0.3)
Loss on debt repurchase	(2.2)	—	(2.2)
Other income (expenses), net	(21.7)	(19.0)	(2.7)
Income (loss) before income taxes and minority interests	(26.3)	11.8	(38.1)
Income tax provision	(7.2)	(1.1)	(6.1)
Net income (loss)	(33.5)	10.7	(44.2)
Net income (loss) attributable to minority interests	(0.4)	0.3	(0.7)
Net income (loss) attributable to ON Semiconductor Corporation	$ (33.9)	$ 11.0	$(44.9)

Revenues

Revenues were $379.1 million and $421.9 million during the quarters ended April 3, 2009 and March 28, 2008, respectively. The decrease from the first quarter of 2008 to the first quarter of 2009 was primarily due to the drop in product volume and mix of 23% and reduction in average selling prices of 6%, partially offset by increases in revenues from our acquisitions of AMIS and Catalyst of $82.2 million or 19%. The revenues by reportable segment were as follows (dollars in millions):

	Quarter Ended April 3, 2009	As a % Revenue	Quarter Ended March 28, 2008	As a % Revenue (1)	Dollar Change	% Change
Automotive and Power Group	$ 84.7	22%	$ 102.6	24%	$(17.9)	-17%
Computing and Consumer Group	85.8	23%	128.1	31%	(42.3)	-33%
Digital and Mixed-signal Product Group	90.0	24%	56.6	13%	33.4	59%
Standard Products Group	118.6	31%	134.6	32%	(16.0)	-12%
Total revenues	$ 379.1		$ 421.9		$(42.8)	

(1) Certain amounts may appear not to total correctly due to rounding of individual amounts.

Revenues from automotive and power group decreased $17.9 million, or 17%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributed to a decrease in revenues from low and medium voltage MOSFET of 40%, LDO and voltage regulators of 31%, analog automotive of 35%, power products of 17%, partially offset by increases in revenues from automotive products from the former AMIS of 242%.

Revenues from computing and consumer products decreased $42.3 million, or 33%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributed to a decrease in revenues of signal and interface products of 32%, standard logic products of 44%, AC to DC conversion products of 28%, low voltage power products of 31%, power switching products of 24%, analog switch products of 40% and DC to DC conversion products of 44%.

Revenues from digital and mixed-signal product group increased $33.4 million, or 59%, in the first quarter of 2009 as compared to the first quarter of 2008. The increase is attributed to an increase in military and aerospace products of 200%, industrial products of 307%, medical products of 505%, foundry products of 236%, communication and high voltage products of 3041% and ISP's of 106% all of which are former AMIS products, partially offset by decreases in manufacturing services and high frequency products of 20%.

Revenues from standard products decreased $16.0 million, or 12%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributed to decreases in rectifier products of 26%, small signal products of 20%, zener products of 38%, bipolar power products of 36%, thyristor products of 16% and filter products of 9%, slightly offset by increases in revenues from protection products of 6%.

Revenues by geographic area as a percentage of total revenues were as follows (dollars in millions):

	Quarter Ended April 3, 2009	As a % Revenue	Quarter Ended March 28, 2008	As a % Revenue
Americas	$ 114.2	30%	$ 100.9	24%
Asia/Pacific	189.1	50%	252.6	60%
Europe	75.8	20%	68.4	16%
Total	$ 379.1	100%	$ 421.9	100%

A majority of our end customers, served directly or through distribution channels, are manufacturers of electronic devices. For the quarter ended April 3, 2009, we had one customer that accounted for 10% our total revenues. For the quarter ended March 28, 2008, we had one customer that accounted for approximately 10% of our total revenues.

Gross Profit

Our gross profit was $112.1 million in the first quarter of 2009 compared to $146.6 million in the first quarter of 2008. As a percentage of revenues, our gross profit was 29.6% in the first quarter of 2009 as compared to 34.7% in the first quarter of 2008. Gross profit as a percentage of revenue decreased during the first quarter of 2009 as compared to the first quarter of 2008 primarily due to a decrease in prices and capacity utilization in the first quarter of 2009 compared to the first quarter of 2008. We attempted to reduce our inventory levels to the latest customer demands in the first quarter of 2009 by operating our production facilities well below normal capacity. Pursuant to FASB 151, these unabsorbed costs were treated as a period cost and had a negative 2% impact to gross margin percentage. Average selling prices declines of 6% were partially offset by cost reduction activities and a lower amount of fair market value step up (approximately a 2% impact on gross margin percentage). The gross profit by reportable segment in each of these quarters were as follows (dollars in millions):

	Quarter Ended April 3, 2009	As a % Net Revenue (1)	Quarter Ended March 28, 2008	As a % Net Revenue	Dollar Change	% Change
Automotive & Power Group	$ 22.3	5.9%	$ 38.6	9.1%	$(16.3)	-42%
Computing and Consumer Products	26.8	7.1%	54.9	13.0%	(28.1)	-51%
Digital & Mixed-Signal Product Group	45.4	12.0%	12.4	2.9%	33.0	266%
Standard Products	28.0	7.4%	51.0	12.1%	(23.0)	-45%
Gross profit by segment	122.5		156.9		$(34.4)	
Unallocated						
Manufacturing	(10.4)	-2.7%	(10.3)	-2.4%		
Total gross profit	$ 112.1	29.6%	$ 146.6	34.7%		

(1) Certain amounts may not total due to rounding of individual amounts.

Gross profit from automotive and power group decreased $16.3 million, or 42%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributed to decreases in gross profit from low and medium voltage MOSFET of 65%, analog automotive of 23%, LDO and voltage regulator products of 63% and power products of 44%, partially offset by increases in gross margin from automotive products of 330% of the former AMIS.

Gross profit from computing and consumer products decreased $28.1 million, or 51%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributable to decreases in gross profit from signal and interface products of 44%, standard logic products of 79%, power switch products of 43%, analog switch products of 49%, low voltage power products of 43%, DC to DC conversion products of 57% and AC to DC conversion products of 54%

Gross profit from digital and mixed-signal products increased $33.0 million, or 266%, in the first quarter of 2009 as compared to the first quarter of 2008. The increase is attributed to increases in gross profit from industrial products of 236%, military and aerospace products of 130%, medical products of 311%, communications and high voltage products of 3105%, foundry products of 136% and ISP's of 63% all of which were products of the former AMIS, partially offset by decreases in gross margin from manufacturing services of 55% and high frequency gross margin of 18%.

Gross profit from standard products decreased $23.0 million, or 45%, in the first quarter of 2009 as compared to the first quarter of 2008. The decrease is attributed to decreases in gross margin from small signal products of 52%, rectifier products of 58%, zener products of 60%, bipolar power products of 74%, thyristor products of 53%, protection products of 19%, and filter products of 27%.

Operating Expenses

Research and development expenses were $43.6 million in the first quarter of 2009 compared to $40.3 million in the first quarter of 2008, representing an increase of $3.3 million, or 8.2%. Research and development expenses represented 11.5% and 9.6% of revenues in the first quarter of 2009 and the first quarter of 2008, respectively. The increase in research and development expenses was primarily attributable to increased expense associated with on-going research and development activities as a result of the acquisitions of Catalyst and AMIS, partially offset by approximately $14.8 million of proceeds received from the settlement of two lawsuits in our favor for patent infringements.

Selling and marketing expenses were $29.0 million in the first quarter of 2009 compared to $25.8 million in the first quarter of 2008, representing an increase of $3.2 million, or 12.4%. Selling and marketing expenses represented 7.6% and 6.1% of revenues in the first quarter of 2009 and the first quarter of 2008, respectively. The increase in selling and marketing expense is primarily attributed to increased selling and marketing activities as a result of the acquisition of AMIS and Catalyst, partially offset by a reduction in sales commissions' expense due to the decrease in revenue.

General and administrative expenses were $27.3 million in the first quarter of 2009 compared to $23.8 million in the first quarter of 2008, representing an increase of $3.5 million, or 14.7%. General and administrative expenses represented 7.2% and 5.6% of revenues in the first quarter of 2009 and the first quarter of 2008, respectively. The increase in general and administrative expense is primarily attributed to increased stock compensation expense and general and administrative expense associated with the AMIS integration, partially offset by a decrease in employee wages and salaries as a result of reductions in headcount.

Other Operating Expenses—Restructuring, Asset Impairments and Other, Net

Restructuring, asset impairment and other, net were $9.6 million in the first quarter of 2009 compared to $5.8 million in the first quarter of 2008.

In January 2009, we announced a worldwide employee reduction program, for cost savings purposes. As part of these plans, certain employee positions were eliminated. During the quarter ended April 3, 2009, we recorded employee separation charges of $10.2 million. These termination benefits are for approximately 526 individuals of which 494 have been terminated. It is anticipated that all terminations will be completed by the end of the second quarter of 2009.

In March 2008, we acquired AMIS and announced plans to integrate the operations of the two companies in part, for cost savings purposes. As part of these plans, certain duplicative positions were eliminated and certain overlapping or duplicative contracts with external suppliers were renegotiated with terms applicable to the combined company. During the quarter ended April 3, 2009, we recorded exit costs of $0.9 million related to the 2008 acquisition of AMIS. The exit costs of $0.9 million were for charges incurred relative to certain legal proceedings.

In May 2008, we announced the planned shutdown of manufacturing facilities in Piestany, Slovakia. During the quarter ended April 3, 2009, we recorded $0.6 million, net of adjustments of termination benefits for approximately 430 employees which is being recognized ratably from the date of announcement to the employees' termination dates. Additionally, we recorded $0.4 million of exit costs related to the shutdown of the manufacturing facility.

In March 2009, we recorded a net gain of $2.5 million associated with the settlement of two legal disputes.

In connection with the March 2008 acquisition of AMIS, we recorded employee separation charges of $1.7 million and exit costs of $1.8 million during the first quarter of 2008. The employee separation charges of $1.7 million include $0.3 million for severance benefits of 20 individuals who were employees of AMIS prior to the acquisition, but are required to render services until there termination date to receive severance benefits. The termination benefits for the 16 AMIS individuals have been recognized from the acquisition date to their termination date. Additionally, we recorded exit costs in the amount of $1.8 million for termination of software licenses under certain lease agreements with external suppliers found to be duplicative between us and AMIS.

In March 2007, we announced plans to consolidate manufacturing efforts with the closing of one of our manufacturing facilities at out Phoenix, Arizona location. The wafer manufacturing that took place at this facility has been transferred to our offshore low cost manufacturing facilities. During the quarter ended March 28, 2008, we recorded $0.8 million of restructuring charges relating to this plan for employee separation costs.

In March 2008, we recorded $2.2 million of asset impairments. Prior to March 2008, we had capitalized approximately $5.9 million of software development costs associated with modifications and enhancements to several business process and related systems. The $2.2 million of asset impairments resulted from the fact that we currently have no plans to use certain internally developed software, and management does not consider this a temporary cessation of use. The decision to cease development of these assets in the first quarter of 2008 was triggered by the acquisition of AMIS, which required a reallocation of corporate resources from these projects to the projects associated with the integration of AMIS into our computer systems.

As mentioned previously, during the quarter ended March 28, 2008, we terminated certain lease agreements with external suppliers for software licenses. These agreements had previously been recorded as capital lease obligations on the consolidated balance sheet. Included in restructuring, asset impairments and other, net on the statement of operations for the quarter ended March 28, 2008 is a gain of $0.7 million for the reversal of the capital lease obligation, partially offset by the write-off of the net book value of the software licenses that were included in property, plant and equipment.

Operating Income

Information about operating income from our reportable segments for the quarter ended April 3, 2009 and March 28, 2008 is as follows, in millions:

	Automotive & Power Group	Computing & Consumer Group	Digital & Mixed-Signal Product Group	Standard Products Group	Total
For the quarter ended April 3, 2009:					
Segment operating income (loss)	$ (2.5)	$ 2.3	$ 12.3	$ 10.4	$22.5
For the quarter ended March 28, 2008:					
Segment operating income	$ 18.7	$ 23.6	$ 4.5	$ 30.9	$77.7

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Depreciation and amortization expense is included in segment operating income. Reconciliations of segment information to financial statements follow, in millions:

	Quarter Ended	
	April 3, 2009	March 28, 2008
Operating income for reportable segments	$ 22.5	$ 77.7
Unallocated amounts:		
Restructuring asset impairments and other charges, net	(9.6)	(5.8)
Other unallocated manufacturing costs	(10.4)	(10.3)
Other unallocated operating expenses	(7.1)	(30.8)
Operating income (loss)	$ (4.6)	$ 30.8

Interest Expense and Other

Interest expense decreased $1.4 million to $17.7 million in the first quarter of 2009 compared to $19.1 million in the first quarter of 2008. We recorded amortization of debt discount to interest expense of $9.9 million and $9.8 million for the quarters ended April 3, 2009 and March 28, 2008, respectively. Our average long-term debt balance (including current maturities) in the first quarter of 2009 was $970.4 million with a weighted average interest rate of 7% compared to $988.9 million and a weighted average interest rate of 8% in the first quarter of 2008. See “Liquidity and Capital Resources—Key Financing Events” below for a description of our refinancing activities.

See Note 11: “Commitments and Contingencies” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for contingencies relating to other legal proceedings and matters including intellectual property matters.

Loss on Debt Repurchase

During the first quarter of 2009, we repurchased approximately $65.9 million of our zero coupon convertible senior subordinated notes due 2024 for $32.9 million in cash and the issuance of 7.4 million shares of common stock, which had a value of $28.5 million based on the closing price of our common stock at the time of repurchase. We reduced unamortized debt discount by $6.1 million and recognized a $2.2 million loss on the prepayment, which included the write off of $0.5 million in unamortized debt issuance costs.

Provision for Income Taxes

Provision for income taxes was $7.2 million in the first quarter of 2009 compared to $1.1 million in the first quarter of 2008. The provision for the first quarter of 2009 included $6.0 million for income and withholding taxes of certain of our foreign operations and $1.2 million of new reserves and interest on existing reserves for potential liabilities in foreign taxing jurisdictions. The provision for the first quarter of 2008 included $0.5 million charge for income and withholding taxes of certain of our foreign operations and $0.6 million of interest on reserves for potential liabilities in foreign taxing jurisdictions. Due to our domestic tax losses and tax rate differentials in our foreign subsidiaries, our effective tax rate is lower than the U.S. statutory federal income tax rate. We continued to maintain a full valuation allowance on all of our domestic deferred tax assets.

Liquidity and Capital Resources

This section includes a discussion and analysis of our cash requirements, our sources and uses of cash, our debt and debt covenants, and our management of cash.

Cash Requirements

Contractual Obligations, Off-Balance Sheet Arrangements and Indemnities

Our principal outstanding contractual obligations relate to our long-term debt, operating leases, pension obligations and purchase obligations. The following table summarizes our contractual obligations at April 3, 2009 and the effect such obligations are expected to have on our liquidity and cash flow in the future (in millions):

	Payments Due by Period						
Contractual obligations (3)	Total	Remainder of 2009	2010	2011	2012	2013	Thereafter
Long-term debt (2)	$1,188.2	$ 101.6	$196.7	$58.7	$152.8	$678.4	$ —
Operating leases (1)	77.0	16.5	16.0	12.5	9.8	5.1	17.1
Other long-term obligations—pension plans	15.2	3.0	3.0	3.0	3.0	3.0	0.2
Purchase obligations (1):							
Capital purchase obligations	25.5	21.1	1.3	1.3	1.3	0.2	0.3
Foundry and inventory purchase obligations	38.3	30.1	3.3	3.1	1.6	0.1	0.1
Mainframe support	4.8	2.1	2.3	0.4	—	—	—
Information technology and communication services	34.7	9.6	11.7	9.3	3.7	0.4	—
Other	39.9	18.0	14.5	5.3	1.3	0.6	0.2
Total contractual obligations	$1,423.6	$ 202.0	$248.8	$93.6	$173.5	$687.8	$ 17.9

(1) These represent our off-balance sheet arrangements (See “Liquidity and Capital Resources—Off Balance Sheet Arrangements” for a description of our off balance sheet arrangements.)

(2) Includes the interest portion of payments for long-term debt.

(3) The table above does not include liabilities related to unrecognized tax benefits under FASB Interpretation No. 48 “Accounting for Uncertainty in Income Taxes” (“FIN 48”). Because we are unable to reasonably estimate the timing of settlement of such FIN 48 liabilities.

Our long-term debt includes approximately $171.5 million outstanding under senior bank facilities, approximately $133.2 million zero coupon convertible senior subordinated notes due 2024 at par, approximately $95.0 million 1.875% convertible senior subordinated notes due 2025 at par, approximately $484.0 million of 2.625% convertible senior subordinated notes due 2026 at par, approximately $9.8 million outstanding loans with three Japanese banks, approximately $41.8 million outstanding loans with two Chinese banks, approximately $39.3 million outstanding loans with three Philippine banks, approximately $10.3 million outstanding secured financing with a Belgian bank, and approximately $89.6 million of capital lease obligations. For purposes of the contractual obligations schedule, we have shown the convertible debt maturing upon the first put date. (See Note 8: “Long-Term Debt” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q).

Our other long-term contractual obligations consist of estimated payments to fund liabilities that have been accrued in our unaudited consolidated balance sheet for our foreign pension plans (see Note 7: "Balance Sheet Information" of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q).

Our balance of cash and cash equivalents was $402.4 million at April 3, 2009. Despite recent revenue reductions, we have taken actions to lower to the amount of revenues required each quarter to break even on a cash basis to be $340.0 million, as such we believe that our cash flow from operations, coupled with existing cash and cash equivalents will be adequate to fund our operating and capital needs for at least the next 12 months.

Off Balance Sheet Arrangements

In the normal course of business, we enter into various operating leases for buildings and equipment including our mainframe computer system, desk top computers, communications, foundry equipment and service agreements relating to this equipment.

In the normal course of business, we provide standby letters of credit or other guarantee instruments to certain parties initiated by either our subsidiaries or us, as required for transactions such as material purchase commitments, agreements to mitigate collection risk, leases or customs guarantees. Our senior bank facilities include a $25.0 million revolving facility. Letters of credit totaling $1.1 million were outstanding under the revolving facility at April 3, 2009. One of our foreign exchange hedging agreements has a provision for termination if at any time the amount available under our revolving facility is less than $2.5 million. A bank guarantee of $4.8 million was issued on our behalf under a non-reusable commitment credit with the bank as of April 3, 2009. The Belgian bank that issued the guarantee has the right to create a mortgage on the real property of one of our European subsidiaries in the amount of $3.0 million but had not done so as of April 3, 2009. We also have outstanding guarantees and letters of credit outside of our revolving facility and the non-reusable commitment credit totaling $34.0 million at April 3, 2009.

As part of securing financing in the normal course of business, we issued a guarantee related to one of our capital lease obligations which totaled approximately $22.8 million as of April 3, 2009. In addition, SCI LLC, our primary domestic operating subsidiary, guarantees on an unsecured basis approximately $5.3 million of a loan by one of our Japanese subsidiaries. For our operating leases, we expect to make cash payments and similarly incur expenses totaling $77.0 million as payments come due. We have not recorded any liability in connection with these operating leases, letters of credit and guarantee arrangements.

Based on historical experience and information currently available, we believe we will not be required to make payments under the standby letters of credit or guarantee arrangements.

Contingencies

We are a party to a variety of agreements entered into in the ordinary course of business pursuant to which we may be obligated to indemnify the other parties for certain liabilities that arise out of or relate to the subject matter of the agreements. Some of the agreements entered into by us require us to indemnify the other party against losses due to intellectual property infringement, property damage including environmental contamination, personal injury, failure to comply with applicable laws, our negligence or willful misconduct, or breach of representations and warranties and covenants related to such matters as title to sold assets.

We are a party to various agreements with Motorola, a former affiliate, which were entered into in connection with our separation from Motorola. Pursuant to these agreements, we have agreed to indemnify Motorola for losses due to, for example, breach of representations and warranties and covenants, damages arising from assumed liabilities or relating to allocated assets, and for specified environmental matters. Our obligations under these agreements may be limited in terms of time and/or amount and payment by us is conditioned on Motorola making a claim pursuant to the procedures specified in the particular contract, which procedures typically allow us to challenge Motorola's claims.

We face risk of exposure to warranty and product liability claims in the event that our products fail to perform as expected or such failure of our products results, or is alleged to result, in bodily injury or property damage (or both). In addition, if any of our designed products are alleged to be defective, we may be required to participate in their recall. Depending on the significance of any particular customer and other relevant factors, we may agree to provide more favorable indemnity rights to such customers for valid warranty claims.

In connection with the acquisition of LSI's Gresham, Oregon wafer fabrication facility and ADI's PTC Business, we entered into various agreements with LSI and ADI, respectively. Pursuant to certain of these agreements, we agreed to indemnify LSI and ADI, respectively, for certain claims or occurrences, limited in most instances by time and/or monetary amounts.

We and our subsidiaries provide for indemnification of directors, officers and other persons in accordance with limited liability agreements, certificates of incorporation, by-laws, articles of association or similar organizational documents, as the case may be. We maintain directors' and officers' insurance, which should enable us to recover a portion of any future amounts paid.

In addition to the above, from time to time we provide standard representations and warranties to counterparties in contracts in connection with sales of our securities and the engagement of financial advisors and also provide indemnities that protect the counterparties to these contracts in the event they suffer damages as a result of a breach of such representations and warranties or in certain other circumstances relating to the sale of securities or their engagement by us.

While our future obligations under certain agreements may contain limitations on liability for indemnification, other agreements do not contain such limitations and under such agreements it is not possible to predict the maximum potential amount of future payments due to the conditional nature of our obligations and the unique facts and circumstances involved in each particular agreement. Historically, payments made by us under any of these indemnities have not had a material effect on our business, financial condition, results of operations or cash flows and we do not believe that any amounts that we may be required to pay under these indemnities in the future will be material to our business, financial condition, results of operations or cash flows.

See Note 11: "Commitment and Contingencies" of the notes to our unaudited consolidated financial statements, Part II, Item 1 "Legal Proceedings" of this Form 10-Q for possible contingencies related to legal matters and see Part I, Item 1 "Business—Government Regulation" of our annual report on Form 10-K for the fiscal year ending December 31, 2008 for information on certain environmental matters.

Sources and Uses of Cash

We require cash to fund our operating expenses and working capital requirements, including outlays for research and development, to make capital expenditures, strategic acquisitions and investments, to repurchase our stock and other Company securities, and to pay debt service, including principal and interest and capital lease payments. Our principal sources of liquidity are cash on hand, cash generated from operations and funds from external borrowings and equity issuances. In the near term, we expect to fund our primary cash requirements through cash generated from operations, cash and cash equivalents on hand and targeted asset sales. Additionally, as part of our business strategy, we review acquisition and divestiture opportunities and proposals on a regular basis.

We believe that the key factors that could affect our internal and external sources of cash include:

- factors that affect our results of operations and cash flows, including changes in demand for our products, competitive pricing pressures, effective management of our manufacturing capacity, our ability to achieve further reductions in operating expenses, the impact of our restructuring programs on our productivity and our ability to make the research and development expenditures required to remain competitive in our business; and
- factors that affect our access to bank financing and the debt and equity capital markets that could impair our ability to obtain needed financing on acceptable terms or to respond to business opportunities and developments as they arise, including interest rate fluctuations, our ability to maintain compliance with financial covenants under our existing credit facilities and other limitations imposed by our credit facilities or arising from our substantial leverage arising out of the sudden reduction in the general ability of lending from banks or the related increase in cost to obtain bank financing.

Our ability to service our long-term debt including our senior subordinated notes, to remain in compliance with the various covenants and restrictions contained in our credit agreements and to fund working capital, capital expenditures and business development efforts will depend on our ability to generate cash from operating activities which is subject to, among other things, our future operating performance as well as to general economic, financial, competitive, legislative, regulatory and other conditions, some of which may be beyond our control.

If we fail to generate sufficient cash from operations, we may need to raise additional equity or borrow additional funds to achieve our longer term objectives. There can be no assurance that such equity or borrowings will be available or, if available, will be at rates or prices acceptable to us. The United States and global credit markets are currently experiencing an unprecedented contraction. As a result of the tightening credit markets, we may not be able to obtain additional financing on favorable terms, or at all. We believe that cash flow from operating activities coupled with existing cash and cash equivalents will be adequate to fund our operating and capital needs as well as enable us to maintain compliance with our various debt agreements through April 3, 2010. To the extent that results or events differ from our financial projections or business plans, our liquidity may be adversely impacted.

Operations

Our operational cash flows are affected by the ability of our operations to generate cash, and our management of our assets and liabilities, including both working capital and long-term assets and liabilities. Each of these components is discussed herein:

EBITDA

As discussed in Note 8: “Long-Term Debt” to our unaudited consolidated financial statements included elsewhere in this report, our debt covenants require us to stay within certain leverage ratios based on the consolidated earnings (net income) before interest expense, provisions for income taxes, depreciation and amortization expense for the last four quarters. "Consolidated EBITDA," as defined under the documents for our senior bank facilities totaled approximately $454.6 million for the four consecutive fiscal quarters ended April 3, 2009.

If we were not in compliance with the covenants contained in our senior bank facilities, the holders of our senior bank facilities could cause all outstanding amounts, as of April 3, 2009, which were comprised of $171.5 million of our term loan, to be due and payable immediately and the $1.1 million of letters of credit to be fully cash collateralized. If we were unable to repay, refinance or restructure that indebtedness, the holders could proceed against the collateral securing that indebtedness. In addition, any such event of default or declaration of acceleration could also result in an event of default under one or more of our other debt instruments and have a material adverse effect on our financial condition, results of operations and liquidity. As of April 3, 2009, approximately $773.3 million remained outstanding under other debt that may be accelerated based on this covenant.

Working Capital

Working capital fluctuates depending on end-market demand and our effective management of certain items such as receivables, inventory and payables. In times of escalating demand, our working capital requirements may increase as we purchase additional manufacturing inputs and increase production. Our working capital may also be affected by restructuring programs, which may require us to use cash for severance payments, asset transfers and contract termination costs. Our working capital, including cash, was $494.6 million at April 3, 2009. Our working capital, excluding cash, was $92.2 million at April 3, 2009, and has fluctuated between $42.2 million and $92.2 million over the last eight quarter-ends.

The components of our working capital at April 3, 2009 and December 31, 2008 are set forth below (in millions), followed by explanations for changes between December 31, 2008 and April 3, 2009 for cash and cash equivalents and any other changes greater than $5 million:

	April 3, 2009	December 31, 2008	Change
Current Assets			
Cash and cash equivalents	$402.4	$ 458.7	$(56.3)
Receivables, net	192.6	188.8	3.8
Inventories, net	299.2	335.5	(36.3)
Other current assets	47.2	55.5	(8.3)
Deferred income taxes	13.2	12.0	1.2
Total current assets	954.6	1,050.5	(95.9)
Current Liabilities			
Accounts payable	134.5	178.2	(43.7)
Accrued expenses	127.9	138.4	(10.5)
Income taxes payable	5.1	4.1	1.0
Accrued interest	5.0	1.3	3.7
Deferred income on sales to distributors	100.9	114.1	(13.2)
Current portion of long-term debt	86.6	107.9	(21.3)
Total current liabilities	460.0	544.0	(84.0)
Working capital	$494.6	$ 506.5	$(11.9)

The decrease of $56.3 million in cash and cash equivalents is primarily due to $22.1 million in cash used by investing activities, $62.4 million of cash used in financing activities, partially offset by $28.7 million in cash provided by operating activities.

The decrease of $36.3 million in inventory is the result of production to align inventory balance with sales outlook.

The decrease of $8.3 million in other current assets is the result of reduction in various tax receivables.

The decrease of $43.7 million in accounts payable is the result of lower operating activity combined with the effects of the timing of payments during the quarter ended April 3, 2009 as compared to the quarter ended December 31, 2008.

The decrease of $10.5 million in accrued expenses was primarily attributable to reduction in payroll partially offset by an increase in vacation accruals.

The decrease of $13.2 million in deferred income on sales to distributors due to a reduction in inventories at distributors and resales by our distributors.

The decrease of $21.3 million in the current portion of long-term debt was due primarily to the partial repayment of the Belgian loan and the maturity of one of our Japanese loans in the first quarter of 2009.

Long-Term Assets and Liabilities

Our long-term assets consist primarily of property, plant and equipment, intangible assets, goodwill, foreign tax receivables and capitalized debt issuance costs.

Our manufacturing rationalization plans have included efforts to utilize our existing manufacturing assets and supply arrangements more efficiently. We believe that near-term access to additional manufacturing capacity, should it be required, could be readily obtained on reasonable terms through manufacturing agreements with third parties. Cash capital expenditures were $22.3 million during the first quarter of 2009, which includes $17.0 million of payments related to fixed assets received in 2008, compared to cash capital expenditures of $15.5 million during the first quarter of 2008. We will continue to look for opportunities to make strategic purchases in the future for additional capacity.

Our long-term liabilities, excluding long-term debt, consist of liabilities under our foreign defined benefit pension plans and contingent tax reserves. In regard to our foreign defined benefit pension plans, generally, our annual funding of these obligations is equal to the minimum amount legally required in each jurisdiction in which the plans operate. This annual amount is dependent upon numerous actuarial assumptions.

Key Financing Events

2009 Financing Events

Repurchase of Zero Coupon Convertible Senior Subordinated Notes due 2024

During the first quarter of 2009, we repurchased approximately $65.9 million of our zero coupon convertible senior subordinated notes due 2024 for $32.9 million in cash and the issuance of 7.4 million shares of common stock, which had a value of $28.5 million based on the closing price of our common stock at the time of repurchase. We released $6.1 million of unamortized debt discount and recognized a $2.2 million loss on the prepayment, which included the write off of $0.5 million in unamortized debt issuance costs.

Debt Instruments, Guarantees and Related Covenants

The following table presents the components of long-term debt as of April 3, 2009 and December 31, 2008 (dollars in millions):

	April 3, 2009	December 31, 2008
Senior Bank Facilities:		
Term Loan, interest payable monthly and quarterly at 2.26813% and 2.2113%, respectively	$171.5	$ 171.9
Revolver	—	—
	171.5	171.9
Zero Coupon Convertible Senior Subordinated Notes due 2024 (1)	121.6	177.7
1.875% Convertible Senior Subordinated Notes due 2025 (2)	72.6	71.3
2.625% Convertible Senior Subordinated Notes due 2026 (3)	374.4	369.6
2.25% Loan with Japanese bank due 2009 through 2010, interest payable semi-annually	5.3	7.9
Loan with Philippine banks due 2009 through 2012, interest payable quarterly at 2.2600% and 5.8188%, respectively	21.0	21.8
Loan with Philippine bank due 2009 through 2013, interest payable quarterly at 2.0063% and 2.9463%, respectively	11.7	12.1
Loan with Philippine bank due 2009 through 2013, interest payable quarterly at 2.5656% and 3.1713%, respectively	6.6	6.8
Loan with Chinese bank due 2009, interest payable quarterly at 2.4269% and 2.6975%, respectively	14.0	14.0
Loan with Chinese bank due 2009, interest payable quarterly at 2.4269% and 2.6975%, respectively	6.0	6.0
Loan with Chinese bank due 2009, interest payable semi-annually at 5.4550%	10.3	11.3
Loan with Chinese bank due 2009, interest payable semi-annually at 2.9750% and 5.1750%, respectively	5.0	5.0
Loan with Chinese bank due 2009 through 2013, interest payable semi-annually at 3.0913%	6.5	6.9
Loan with Belgian bank, interest payable daily at 1.2260% and 2.7520%, respectively	10.3	25.0
Short-term loan with Japanese bank due 2009, interest payable quarterly at 1.875%	—	5.5
Loan with Japanese bank due 2009 through 2013, interest payable semi-annually at 1.875%	3.0	3.3
Short-term loan with Japanese bank due 2009, interest payable monthly at 1.3% and 1.42%, respectively	1.5	1.7
Capital lease obligations	89.6	92.0
	930.9	1,009.8
Less: Current maturities	(86.6)	(107.9)
	$844.3	$ 901.9

(1) The Zero Coupon Convertible Senior Subordinated Notes due 2024 shall be purchased by the Company at the option of the holders of the notes on April 15, 2010, or thereafter.

(2) The 1.875% Convertible Senior Subordinated Notes due 2025 shall be purchased by the Company at the option of the holders of the notes on December 15, 2012, or thereafter.

(3) The 2.625% Convertible Senior Subordinated Notes due 2026 shall be purchased by the Company at the option of the holders of the notes on December 15, 2013, or thereafter.

We have pledged substantially all of our tangible and intangible assets and similar assets of each of our existing and subsequently acquired or organized domestic subsidiaries (but no more than 65% of the capital stock of foreign subsidiaries held by them) to secure our senior bank facilities.

SCI LLC, the primary domestic operating subsidiary of ON Semiconductor Corporation, is the borrower under our senior bank facilities. ON Semiconductor Corporation and our other domestic subsidiaries fully and unconditionally guarantee, on a joint and several basis, the obligations of the borrower under such facilities. ON Semiconductor Corporation is the issuer, and SCI LLC is a guarantor, of our zero coupon convertible senior subordinated notes due 2024, our 1.875% convertible senior subordinated notes due 2025 and our 2.625% convertible senior subordinated notes due 2026. Our other domestic subsidiaries, with the exception of our domestic subsidiaries acquired from AMIS and Catalyst, fully and unconditionally guarantee on a joint and several basis the obligations of the issuers of such notes. None of our non-U.S. subsidiaries guarantee the senior bank facilities or the notes.

As of April 3, 2009, we were in compliance with the various covenants and other requirements contained in the credit agreement relating to our senior bank facilities and the indentures relating to our zero coupon convertible senior subordinated notes due 2024, our 1.875% convertible senior subordinated notes due 2025 and our 2.625% convertible senior subordinated notes due 2026. We believe that we will be able to comply with the various covenants and other requirements contained in such credit agreement and the indentures through April 3, 2010.

Our debt agreements contain, and any future debt agreements may include, a number of restrictive covenants that impose significant operating and financial restrictions on, among other things, our ability to:

- incur additional debt, including guarantees;
- incur liens;
- sell or otherwise dispose of assets;
- make investments, loans, or advances;
- make some acquisitions;
- engage in mergers or consolidations;
- pay dividends, redeem capital stock or make certain other restricted payments or investments;
- pay dividends from SCI LLC to ON Semiconductor Corporation;
- engage in sale leaseback transactions;
- enter into new lines of business;
- issue some types of preferred stock; and
- enter into transactions with our affiliates.

The maximum secured leverage ratio financial maintenance covenant in the credit agreement relating to our senior bank facilities (comprised of our term loan and our revolving facility) requires that, at the end of each fiscal quarter during which any revolving loans, swingline loans or letters of credit are outstanding under our $25 million revolving facility (other than letters of credit fully secured by cash collateral on terms to be agreed), the Secured Leverage Ratio (as defined in such credit agreement) not exceed 2.5 to 1.0, provided that if, at the end of any such fiscal quarter, the Secured Leverage Ratio exceeds 2.5 to 1.0, SCI LLC may, within 45 days after the end of such fiscal quarter, repay all loans outstanding under our revolving facility and fully cash collateralize all letters of credit thereunder, and if SCI LLC does so then no default shall be deemed to have occurred and be continuing. Provided the Company cures the default as outlined above, the $171.5 million outstanding as of April 3, 2009 under our term loan remains due in 2013 subject to the scheduled principal amortization. The company currently has $1.1 million in outstanding letters of credit under our $25 million revolving facility and a Secured Leverage ratio of approximately .5 for the four consecutive fiscal quarters ended April 3, 2009.

Any future debt could contain financial and other covenants more restrictive than those that are currently applicable.

Cash Management

Our ability to manage cash is limited, as our primary cash inflows and outflows are dictated by the terms of our sales and supply agreements, contractual obligations, debt instruments and legal and regulatory requirements. While we have some flexibility with respect to the timing of capital equipment purchases, we must invest in capital equipment on a timely basis to allow us to maintain our manufacturing efficiency and support our platforms of new products.

New Accounting Pronouncements Adopted

Adoption of SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51"

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements—an amendment of ARB No. 51" ("SFAS 160"). SFAS 160 establishes new accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. Specifically, this statement requires the recognition of a noncontrolling interest (minority interest) as equity in the consolidated financial statements and separate from the parent's equity. The amount of net income attributable to the noncontrolling interest is included in consolidated net income on the face of the income statement. SFAS 160 clarifies that changes in a parent's ownership interest in a subsidiary that does not result in deconsolidation are equity transactions if the parent retains its controlling financial interest. In addition, this statement requires that a parent recognize a gain or loss in net income when a subsidiary is deconsolidated. Such gain or loss will be measured using the fair value of the noncontrolling equity investment on the deconsolidation date. SFAS 160 also includes expanded disclosure requirements regarding the interests of the parent and its noncontrolling interest. We adopted SFAS 160 on January 1, 2009, and as a result the prior period consolidated balance sheets and statements of operations were retroactively modified to comply with the requirements of SFAS 160 (See also Note 9: "Equity" of the notes to our unaudited consolidated financial statements included elsewhere in this report for further discussion).

Adoption of FSP APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion (Including Partial Cash Settlement)"

As of January 1, 2009, we adopted Financial Accounting Standards Board ("FASB") Staff Position ("FSP") No. APB 14-1, "Accounting for Convertible Debt Instruments That May Be Settled in Cash upon Conversion

(Including Partial Cash Settlement)" ("FSP APB 14-1"). FSP APB 14-1 is effective for our $133.2 million aggregate principal amount of Zero Coupon Convertible Senior Subordinated Notes due 2024, our $95.0 million aggregate principal amount of 1.875% Convertible Senior Subordinated Notes due 2025 and our $484.0 million aggregate principal amount of 2.625% Convertible Senior Subordinated Notes due 2026 (collectively, "Convertible Notes"). FSP APB 14-1 requires retrospective application for all periods presented. The FSP requires the issuer of convertible debt instruments with cash settlement features to separately account for the liability and equity components of the instrument. The liability component was recognized at the present value of its cash flows discounted using a discount rate equivalent to our borrowing rate at the date of the issuance of the Convertible Notes for similar debt instruments without the conversion feature. The equity component, recorded as additional paid-in capital, represents the difference between the proceeds from the issuance of the Convertible Notes and the fair value of the liability as of the date of the issuance of the Convertible Notes. FSP APB 14-1 also requires an accretion of the debt discount resulting from the allocation of a portion of the proceeds to equity over the expected life of the Convertible Notes, which is the first put date. The equity component, liability component and net carrying value for each of the convertible notes as of the date of issuance, as of December 31, 2008 and as of April 3, 2009 are set forth in the table below. Also included in the table for each of the Convertible Notes are the effective interest rates on the liability component, interest expense resulting from contractual interest coupons and interest expense resulting from non-cash amortization of the debt discount for the quarter ended April 3, 2009, as well as the first put date for each of the Convertible Notes.

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	Zero Coupon Convertible Senior Subordinated Notes Due 2024	1.875% Convertible Senior Subordinated Notes Due 2025	2.625% Convertible Senior Subordinated Notes Due 2026
		(in millions, except per share data)	
As of the date of issuance:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	260.0	95.0	484.0
Unamortized discount	(107.3)	(36.7)	(149.3)
Net carrying amount	$ 152.7	$ 58.3	$ 334.7
As of December 31, 2007:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	260.0	95.0	484.0
Unamortized discount	(47.6)	(28.5)	(132.3)
Net carrying amount	$ 212.4	$ 66.5	$ 351.7
As of December 31, 2008:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	199.1	95.0	484.0
Unamortized discount	(21.4)	(23.7)	(114.4)
Net carrying amount	$ 177.7	$ 71.3	$ 369.6
As of April 3, 2009:			
Equity component	$ 107.3	$ 36.7	$ 149.3
Principal amount of liability component	133.2	95.0	484.0
Unamortized discount	(11.6)	(22.4)	(109.6)
Net carrying amount	$ 121.6	$ 72.6	$ 374.4
Conversion price per share	$ 9.82	$ 7.00	$ 10.50
Common shares on which the aggregate consideration to be delivered is determined	13.6	13.6	46.1
For the year ended December 31, 2006:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 0.5
Non-cash amortization of discount	16.4	3.9	0.7
Total interest expense	$ 16.4	$ 5.7	$ 1.2
For the year ended December 31, 2007:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 12.7
Non-cash amortization of discount	17.9	4.3	16.4
Total interest expense	$ 17.9	$ 6.1	$ 29.1
For the year ended December 31, 2008:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 1.8	$ 12.7
Non-cash amortization of discount	19.0	4.7	17.9
Total interest expense	$ 19.0	$ 6.5	$ 30.6

	Zero Coupon Convertible Senior Subordinated Notes Due 2024	1.875% Convertible Senior Subordinated Notes Due 2025	2.625% Convertible Senior Subordinated Notes Due 2026
		(in millions, except per share data)	
For the quarter ended March 28, 2008:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 0.4	$ 3.2
Non-cash amortization of discount	4.5	1.1	4.2
Total interest expense	$ 4.5	$ 1.5	$ 7.4
For the quarter ended April 3, 2009:			
Effective interest rate	8.9%	9.5%	8.5%
Interest expense resulting from:			
Contractual interest coupon	$ —	$ 0.4	$ 3.2
Non-cash amortization of discount	3.8	1.3	4.8
Total interest expense	$ 3.8	$ 1.7	$ 8.0
First put date	April 15, 2010	December 15, 2012	December 15, 2013

The consolidated statements of operations were retroactively modified compared to previously reported amounts as follows (in millions, except per share amounts):

	Year Ended December 31,			Quarter Ended March 28,
	2006	2007	2008	2008
Additional pre-tax non-cash interest expense	$(21.0)	$(38.6)	$(41.6)	$ (9.8)
Retroactive decrease in net income and increase in accumulated deficit	$(21.0)	$(38.6)	$(41.6)	$ (9.8)
Decrease to basic net income per share	$(0.07)	$(0.13)	$(0.11)	$ (0.03)
Decrease to diluted net income per share	$(0.06)	$(0.13)	$(0.11)	$ (0.03)

Adoption of SFAS No. 157-2, Effective Date of FASB Statement No. 157

In February 2008, the FASB issued Staff Position FAS 157-2, *Effective Date of FASB Statement No. 157*, which delayed the effective date of SFAS No. 157 for all non-financial assets and non-financial liabilities, except those that are measured at fair value on a recurring basis. Effective January 1, 2009, we adopted SFAS No. 157 with respect to non-financial assets and liabilities measured on a non-recurring basis. The application of the fair value framework established by SFAS No. 157 to these fair value measurements did not have a material impact on our consolidated financial position, results of operations or cash flows.

Critical Accounting Policies and Estimates

The accompanying discussion and analysis of our financial condition and results of operations is based upon our audited consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States of America. We believe certain of our accounting policies are critical to understanding our financial position and results of operations. We utilize the following critical accounting policies in the preparation of our financial statements.

Revenue. We generate revenue from sales of our semiconductor products to original equipment manufacturers, electronic manufacturing service providers and distributors. We also generate revenue, although to a much lesser extent from manufacturing services provided to customers. We recognize revenue on sales to original equipment manufacturers and electronic manufacturing service providers and sales of manufacturing services net of provisions for related sales returns and allowances when persuasive evidence of an arrangement exists, title and risk of loss pass to the customer (which is generally upon shipment), the price is fixed or determinable and collectability is reasonably assured. Title to products sold to distributors typically passes at the time of shipment by us so we record accounts receivable for the amount of the transaction, reduce our inventory for the products shipped and defer the related margin in our consolidated balance sheet. We recognize the related revenue and cost of revenues when the distributor informs us that they have resold the products to the end user. Inaccuracies in the sales or inventory data provided to us by our distributors can therefore result in inaccuracy in our reporting revenues. As a result of our inability to reliably estimate up front the effect of the returns and allowances with these distributors, we defer the related revenue and margin on sales to distributors. Although payment terms vary, most distributor agreements require payment within 30 days.

Taxes assessed by government authorities on revenue-producing transactions, including value added and excise taxes, are presented on a net basis (excluded from revenues) in the statement of operations.

Sales returns and allowances are estimated based on historical experience. Our original equipment manufacturer customers do not have the right to return our products other than pursuant to the provisions of our standard warranty. Sales to distributors, however, are typically made pursuant to agreements that provide return rights with respect to discontinued or slow-moving products. Under our general agreements, distributors are allowed to return any product that we have removed from our price book. In addition, agreements with our distributors typically contain standard stock rotation provisions permitting limited levels of product returns. However, since we defer recognition of revenue and gross profit on sales to distributors until the distributor resells the product, due to our inability to reliably estimate up front the effect of the returns and allowances with these distributors, sales returns and allowances have minimal impact on our results of operations. Provisions for discounts and rebates to customers, estimated returns and allowances, and other adjustments are provided for in the same period the related revenues are recognized, and are netted against revenues. Given that our revenues consist of a high volume of relatively similar products, our actual returns and allowances and warranty claims have not traditionally fluctuated significantly from period to period, and our returns and allowances and warranty provisions have historically been reasonably accurate.

We generally warrant that products sold to our customers will, at the time of shipment, be free from defects in workmanship and materials and conform to our approved specifications. Our standard warranty extends for a period that is the greater of (i) three years from the date of shipment or (ii) the period of time specified in the customer’s standard warranty (provided that the customer’s standard warranty is stated in writing and extended to purchasers at no additional charge). At the time revenue is recognized, we establish an accrual for estimated warranty expenses associated with our sales, recorded as a component of cost of revenues. In addition, we also offer cash discounts to customers for payments received by us within an agreed upon time, generally 10 days after shipment. We accrue reserves for cash discounts as a reduction to accounts receivable and a reduction to revenues, based on experience with each customer.

Freight and handling costs are included in the cost of revenues and are recognized as period expenses during the period in which they are incurred.

Inventories. We carry our inventories not related to an acquisition at the lower of standard cost (which approximates actual cost on a first-in, first-out basis) or market and record provisions for slow moving inventories based upon a regular analysis of inventory on hand compared to historical and projected end user demand. These provisions can influence our results from operations. For example, when demand falls for a given part, all or a portion of the related inventory is reserved, impacting our cost of revenues and gross profit. If demand recovers and the parts previously reserved are sold, we will generally recognize a higher than normal margin. However, the majority of product inventory that has been previously reserved is ultimately discarded. Although we do sell some products that have previously been written down, such sales have historically been relatively consistent on a quarterly basis and the related impact on our margins has not been material, except for the sale of obsolete leaded parts during the first quarter of 2007 for approximately $4.0 million.

Inventory obtained in the purchase of a business is stated at fair value. Upon the acquisition of a company such as Catalyst and AMIS, we used management estimates to determine the fair value of the inventory as of the acquisition date. The methodology involves stepping up the value of acquired finished goods and work-in-process to expected sales value less variable costs to dispose. For the quarter ended April 3, 2009 approximately $73.8 million of initial $87.4 million in the inventory step up for the Catalyst and AMIS acquisitions has been expensed to the statement of operations since the inventory was shipped to the customer, leaving $11.2 million in inventory at April 3, 2009. As this inventory is shipped to customers, it will significantly decrease the gross margin reported on those future sales until the inventory is completely sold.

Deferred Tax Valuation Allowance. We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not to be realized. In determining the amount of the valuation allowance, we consider estimated future taxable income as well as feasible tax planning strategies in each taxing jurisdiction in which we operate. If we determine that we will not realize all or a portion of our remaining deferred tax assets, we will increase our valuation allowance with a charge to income tax expense. Conversely, if we determine that we will ultimately be able to utilize all or a portion of the deferred tax assets for which a valuation allowance has been provided, the related portion of the valuation allowance will be released to income as a credit to income tax expense. In the fourth quarter of 2001, a valuation allowance was established for our domestic deferred tax assets and a portion of our foreign deferred tax assets. Additionally, from 2003 throughout 2008, no incremental domestic deferred tax benefits were recognized. Our ability to utilize our deferred tax assets and the continuing need for a related valuation allowance are monitored on an ongoing basis.

Impairment of Long-Lived Assets. We evaluate the recoverability of the carrying amount of our property, plant and equipment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. Impairment is assessed when the undiscounted expected cash flows derived for an asset are less than its carrying amount. Impairment losses are measured as the amount by which the carrying value of an asset exceeds its fair value and are recognized in operating results. We continually apply our best judgment when applying these impairment rules to determine the timing of the impairment test, the undiscounted cash flows used to assess impairments and the fair value of an impaired asset. The dynamic economic environment in which we operate and the resulting assumptions used to estimate future cash flows impact the outcome of our impairment tests. In recent years, most of our assets that have been impaired consist of assets that were ultimately abandoned, sold or otherwise disposed of due to cost reduction activities and the consolidation of our manufacturing facilities. In some instances, these assets have subsequently been sold for amounts higher than their impaired value. When material, these gains are recorded in the restructuring, asset impairment and other, net line item in our consolidated statement of operations and disclosed in the footnotes to the financial statements.

Goodwill. We evaluate our goodwill for potential impairment on an annual basis or whenever events or circumstances indicate that an impairment may have occurred in accordance with the provisions of Statement of Financial Accounting Standards No. 142 “Goodwill and Other Intangible Assets” (“SFAS No. 142”), which requires that goodwill be tested for impairment using a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the estimated fair value of the reporting unit containing our goodwill with the related carrying amount. If the estimated fair value of the reporting unit exceeds its carrying amount, the reporting unit’s goodwill is not considered to be impaired and the second step is unnecessary. Our methodologies used for valuing goodwill have not changed.

We have determined that our product families, which are components of our operating segments, constitute reporting units for purposes of allocating and testing goodwill under SFAS No. 142, because they are one level below the operating segment, they constitute individual businesses as defined in EITF No. 98-3, “Determining Whether a Nonmonetary Transaction Involves Receipt of Productive Assets or of a Business” and our segment management regularly reviews the operating results of each product family. As of each acquisition date, all goodwill acquired was assigned to the product families that were expected to benefit from the synergies of the respective acquisition. The amount of goodwill assigned to each reporting unit was the difference between the fair value of the reporting unit and the fair value of identifiable assets and liabilities allocated to the reporting unit as of the acquisition date. We determined the fair value of each reporting unit using the income approach, which is based on the present value of estimated future cash flows using management’s assumptions and forecasts as of the acquisition date.

We perform our annual impairment analysis as of the first day of the fourth quarter of each year. Our next annual test for impairment is expected to be performed in our fourth quarter of 2009; however, further declines in operating results and in our business outlook, primarily due to the current macroeconomic environment, may result in the need for earlier reassessments of the recoverability of our goodwill and may result in material impairment charges in future periods.

Defined Benefit Plans. We maintain pension plans covering certain of our employees. For financial reporting purposes, net periodic pension costs are calculated based upon a number of actuarial assumptions, including a discount rate for plan obligations, assumed rate of return on pension plan assets and assumed rate of compensation increase for plan employees. All of these assumptions are based upon management’s judgment, considering all known trends and uncertainties. Actual results that differ from these assumptions impact the expense recognition and cash funding requirements of our pension plans.

Contingencies. We are involved in a variety of legal matters that arise in the normal course of business. Based on the available information, we evaluate the relevant range and likelihood of potential outcomes. In accordance with SFAS No. 5, “Accounting for Contingencies,” we record the appropriate liability when the amount is deemed probable and estimable.

Valuation of Stock Compensation. The fair value of each option grant is estimated on the date of grant using a lattice-based option valuation model. The lattice model uses: 1) a constant volatility; 2) an employee exercise behavior model (based on an analysis of historical exercise behavior); and 3) the treasury yield curve to calculate the fair value of shares issued for each option grant. We continue to use the Black-Scholes option-pricing model to calculate the fair value of shares issued under the 2000 Employee Stock Purchase Plan.

Recent Accounting Pronouncements

In December 2008, the FASB issued FSP FAS 132 (R)-1, "Employers' Disclosures about Post-retirement Benefit Plan Assets," which amends SFAS No. 132, "Employers' Disclosures about Pension and Other Postretirement Benefits." This FSP provides guidance on an employer's disclosures about plan assets of a defined benefit pension or other postretirement plans. The objectives of these disclosures are to provide users of financial statements with an understanding of:

- how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies;
- the major categories of plan assets;
- the inputs and valuation techniques used to measure the fair value of plan assets;
- the effect of fair value measurements using significant unobservable inputs (Level 3) on changes in plan assts for the period; and
- significant concentrations of risk within plan assets

The disclosures about plan assets required by this FSP shall be provided for fiscal years ending after December 15, 2009. The Company is currently evaluating the impact of adopting this new standard.

Effective January 1, 2009, we adopted SFAS No. 161, Disclosures about Derivative Instruments and Hedging Activities—an amendment of FASB Statement No. 133" (SFAS No. 161). SFAS No. 161 amends SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133) which requires enhanced disclosures of derivative instruments and hedging activities such as the fair value of derivative instruments and presentation of their gains or losses in tabular format, as well as disclosures regarding credit risks and strategies and objectives for using derivative instruments. The adoption of SFAS 161 did not have a material effect on our financial statements.

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When the Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" ("FSP FAS 157-4"), to address challenges in estimating fair value when the volume and level of activity for an asset or liability have significantly decreased. This FSP emphasizes that even if there has been a significant decrease in the volume and level of activity for the asset or liability and regardless of the valuation technique(s) used, the objective of a fair value measurement remains the same. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. This FSP is effective for interim and annual reporting periods ending after June 15, 2009. We have concluded that FSP FAS 157-4 will not have an impact on our consolidated financial statements upon adoption.

In April 2009, the FASB issued FSP FAS 107-1 and ABP 28-1, “Interim Disclosure about Fair Value of Financial Instruments” (“FSP FAS 107-1 and ABP 28-1”). This FSP amends FASB Statement No. 107, “Disclosures about Fair Value of Financial Instruments, “ to require disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. This FSP also amends APB Opinion No. 28, “Interim Financial Reporting,” to require those disclosures in summarized financial information at interim reporting periods. This FSP is effective for interim reporting periods ending after June 15, 2009. We have concluded that FSP FAS 107-1 and ABP 28-1 will not have a material impact on our consolidated financial statements upon adoption.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

We are exposed to financial market risks, including changes in interest rates and foreign currency exchange rates. To mitigate these risks, we utilize derivative financial instruments. We do not use derivative financial instruments for speculative or trading purposes.

At April 3, 2009, our long-term debt (including current maturities) totaled $930.9 million. We have no interest rate exposure to rate changes on our fixed rate debt, which totaled $666.5 million. We do have interest rate exposure with respect to the $264.4 million outstanding balance on our variable interest rate debt. A 50 basis point increase in interest rates would impact our expected annual interest expense for the next twelve months by approximately $1.3 million. However, some of this impact would be offset by additional interest earned on our cash and cash equivalents should rates on deposits and investments also increase.

One of our foreign exchange hedging agreements has a provision for termination if, at any time, the amount available under our revolving credit facility is less than $2.5 million.

A majority of our revenue, expense and capital purchasing activities are transacted in U.S. dollars. However, as a multinational business, we also conduct certain of these activities through transactions denominated in a variety of other currencies. We use forward foreign currency contracts to hedge firm commitments and reduce our overall exposure to the effects of currency fluctuations on our results of operations and cash flows. Gains and losses on these foreign currency exposures would generally be offset by corresponding losses and gains on the related hedging instruments. This strategy reduces, but does not eliminate, the short-term impact of foreign currency exchange rate movements. For example, changes in exchange rates may affect the foreign currency sales price of our products and can lead to increases or decreases in sales volume to the extent that the sales price of comparable products of our competitors are less or more than the sales price of our products. Our policy prohibits speculation on financial instruments, trading in currencies for which there are no underlying exposures, or entering into trades for any currency to intentionally increase the underlying exposure.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in the Securities Exchange Act of 1934 (“Exchange Act”) Rules 13a-15(e) and 15d-15(e)). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Controls Over Financial Reporting. On October 10, 2008 we acquired Catalyst. Catalyst operated under its own set of systems and internal controls and we are currently maintaining those systems and much of that control environment until we are able to incorporate Catalyst's processes into our own systems and control environment. We currently expect to complete the incorporation of Catalyst's operations into our systems and control environment in the second half of 2009.

During the first quarter of 2009, we completed the integration of AMIS's operations into our systems and control environment. There have been no other changes to our internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended April 3, 2009 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

We currently are involved in a variety of legal matters that arise in the normal course of business. Based on information currently available, management does not believe that the ultimate resolution of these matters, including the matters described or referred to in the next paragraphs will have a material effect on our financial condition, results of operations or cash flows. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, our business, consolidated financial position, results of operations or cash flows could be materially and adversely affected.

Securities Class Action Litigation

During the period July 5, 2001 through July 27, 2001, we were named as a defendant in three shareholder class action lawsuits that were filed in federal court in New York City against us and certain of our former officers, current and former directors and the underwriters for our initial public offering. The lawsuits allege violations of the federal securities laws and have been docketed in the U.S. District Court for the Southern District of New York ("District Court") as: *Abrams v. ON Semiconductor Corp., et al., C.A. No 01-CV-6114; Breuer v. ON Semiconductor Corp., et al., C.A. No. 01-CV-6287; and Cohen v. ON Semiconductor Corp., et al.*, C.A. No. 01-CV-6942. On April 19, 2002, the plaintiffs filed a single consolidated amended complaint that supersedes the individual complaints originally filed. The amended complaint alleges, among other things, that the underwriters of our initial public offering improperly required their customers to pay the underwriters' excessive commissions and to agree to buy additional shares of our common stock in the aftermarket as conditions of receiving shares in our initial public offering. The amended complaint further alleges that these supposed practices of the underwriters should have been disclosed in our initial public offering prospectus and registration statement. The amended complaint alleges violations of both the registration and antifraud provisions of the federal securities laws and seeks unspecified damages. We understand that various other plaintiffs have filed substantially similar class action cases against approximately 300 other publicly-traded companies and their public offering underwriters in New York City, which have all been transferred, along with the case against us, to a single federal district court judge for purposes of coordinated case management. We believe that the claims against us are without merit and have defended, and intend to continue to defend, the litigation vigorously. The litigation process is inherently uncertain, however, and we cannot guarantee that the outcome of these claims will be favorable for us.

On July 15, 2002, together with the other issuer defendants, we filed a collective motion to dismiss the consolidated, amended complaints against the issuers on various legal grounds common to all or most of the issuer defendants. The underwriters also filed separate motions to dismiss the claims against them. In addition, the parties have stipulated to the voluntary dismissal without prejudice of our individual former officers and current and former directors who were named as defendants in our litigation, and they are no longer parties to the litigation. On February 19, 2003, the District Court issued its ruling on the motions to dismiss filed by the underwriter and issuer defendants. In that ruling the District Court granted in part and denied in part those motions. As to the claims brought against us under the antifraud provisions of the securities laws, the District Court dismissed all of these claims with prejudice, and refused to allow plaintiffs the opportunity to re-plead these claims. As to the claims brought under the registration provisions of the securities laws, which do not require that intent to defraud be pleaded, the District Court denied the motion to dismiss these claims as to us and as to substantially all of the other issuer defendants as well. The District Court also denied the underwriter defendants' motion to dismiss in all respects.

In June 2003, upon the determination of a special independent committee of our Board of Directors, we elected to participate in a proposed settlement with the plaintiffs in this litigation. Had it been approved by the District Court, this proposed settlement would have resulted in the dismissal, with prejudice, of all claims in the litigation against us and against any of the other issuer defendants who elected to participate in the proposed settlement, together with the current or former officers and directors of participating issuers who were named as individual defendants. This proposed issuer settlement was conditioned on, among other things, a ruling by the District Court that the claims against us and against the other issuers who had agreed to the settlement would be certified for class action treatment for purposes of the proposed settlement, such that all investors included in the proposed classes in these cases would be bound by the terms of the settlement unless an investor opted to be excluded from the settlement in a timely and appropriate fashion.

On December 5, 2006, the U.S. Court of Appeals for the Second Circuit ("Court of Appeals") issued a decision in *In re Initial Public Offering Securities Litigation* that six purported class action lawsuits containing allegations substantially similar to those asserted against us could not be certified as class actions due, in part, to the Court of Appeals' determination that individual issues of reliance and knowledge would predominate over issues common to the proposed classes. On January 8, 2007, the plaintiffs filed a petition seeking rehearing *en banc* of this ruling. On April 6, 2007, the Court of Appeals denied the plaintiffs' petition for rehearing of the Court of Appeals' December 5, 2006 ruling. The Court of Appeals, however, noted that the plaintiffs remained free to ask the District Court to certify classes different from the ones originally proposed which might meet the standards for class certification that the Court of Appeals articulated in its December 5, 2006 decision. In light of the Court of Appeals' December 5, 2006 decision regarding certification of the plaintiffs' claims, the District Court entered an order on June 25, 2007 terminating the proposed settlement between the plaintiffs and the issuers, including us.

On August 14, 2007, the plaintiffs filed amended complaints in the six focus cases. The issuer defendants and the underwriter defendants separately moved to dismiss the claims against them in the amended complaints in the six focus cases. On March 26, 2008, the District Court issued an order in which it denied in substantial part the motions to dismiss the amended complaints in the six focus cases.

On February 25, 2009, the parties advised the District Court that they have reached an agreement-in-principle to settle the litigation in its entirety. A stipulation of settlement was filed with the District Court on April 2, 2009. The proposed global settlement remains subject to preliminary and final approval by the District Court. The settlement calls for a total payment of $586 million from all defendants, including underwriters, of which $100 million is allocated to the approximately 300 issuer defendants. Under the proposed global settlement, our insurers would pay the full amount of settlement share allocated to us, and we would bear no financial liability. We, as well as the officer and director defendants (current and former) who were previously dismissed from the action pursuant to tolling agreements, would receive complete dismissals from the case. While we can make no assurances or guarantees as to the outcome of these proceedings, we believe that the final result of this action will have no material effect on our consolidated financial position, results of operations or cash flows.

Intellectual Property Matters

We face risk to exposure from claims of infringement of the intellectual property rights of others. In the ordinary course of business, we receive letters asserting that our products or components breach another party's rights. These threats may seek that we make royalty payments, that we stop use of such rights, or other remedies.

On April 18, 2008, LSI Logic Corporation ("LSI") and Agere Systems Inc. ("Agere") (which was acquired by LSI in 2007) filed a new patent infringement action with the U.S. International Trade Commission ("ITC") naming 18 semiconductor companies including us. LSI and Agere also filed a parallel patent infringement lawsuit against the same companies in the Federal District Court in the Eastern District of Texas ("Texas District Court"). LSI and Agere are seeking an injunction and damages in an unspecified amount relating to such alleged infringement. The patent relates to semiconductor wafer processing. We believe that we are already licensed to the asserted patent through pre-existing patent license agreements with LSI and Agere, and that these licenses cover all of our relevant wafer operations. LSI and Agere have agreed with our assertion that we are already licensed. As a result, on March 4, 2009, the parties executed a settlement agreement and subsequently filed motions to dismiss the actions in the ITC and the Texas District Court. The motion to dismiss the ITC action was granted on April 9, 2009, and the motion to dismiss the Texas District Court was granted with prejudice on March 11, 2009, bringing this matter to a close with no material adverse effect on our consolidated financial position, results of operations or cash flows.

Prior to the acquisition of AMIS by us on March 17, 2008, on July 19, 2007, AMIS was served with an amended complaint filed against its operating company, AMI Semiconductor, Inc., and its Belgian subsidiary, AMI Semiconductor Belgium B.V.B.A., by PowerDsine, Inc., and PowerDsine, Ltd., subsidiaries of Microsemi Corporation ("PowerDsine"), in the District Court related to AMIS's recently announced power-over-Ethernet ("PoE") Power Sourcing Equipment ("PSE") application specific integrated circuit products custom-designed for Broadcom Corporation. The complaint alleged that AMIS breached the terms of a nondisclosure agreement between the parties and that AMIS interfered with a PowerDsine, Ltd. employment contract with a former employee who left PowerDsine and came to work for AMIS. This second claim was later dismissed by PowerDsine on August 10, 2007. In the complaint, PowerDsine seeks injunctive relief and damages in excess of $150 million. AMIS has denied PowerDsine's claims and has filed counterclaims against PowerDsine and Microsemi for defamation. In December 2008, the District Court held on summary judgment that PowerDsine and Microsemi's statements did not constitute defamation under California state law (where the statements by Microsemi were made). Also in December 2008, the parties participated in a mandatory mediation with a Magistrate Judge for the District Court, but arrived at no settlement. Discovery in the case is complete and the trial began in New York on February 2, 2009 and was scheduled to be completed by February 13, 2009. On February 10, 2009, the District Court judge suspended the trial until March 23, 2009 to allow for further mediation in an effort to resolve the dispute. On April 28, 2009, the parties executed a settlement agreement. On April 29, 2009, the parties filed a motion to dismiss this action in District Court, which was granted with prejudice on April 30, 2009, bringing this matter to a close with no material adverse effect on our consolidated financial position, results of operations or cash flows.

Prior to the acquisition of AMIS by us on March 17, 2008, in January 2003, Ricoh Company, Ltd. ("Ricoh") filed in the U.S. District Court for the District of Delaware a complaint against AMIS and other parties alleging infringement of a patent owned by Ricoh. The case has been transferred to the U.S. District Court for the Northern District of California. Ricoh is seeking an injunction and damages in an unspecified amount relating to such alleged infringement. The patents relate to certain methodologies for the automated design of custom semiconductors. The case was scheduled to go to trial in March 2007; however, in December 2006 the court issued an order staying the case pending a re-examination proceeding filed by Synopsys, Inc. (“Synopsys”) before the U.S. Patent & Trademark Office (“PTO”) challenging the validity of the patent claims at issue in this case. Since that time, Synopsis has filed a total of three re-examination petitions with the PTO challenging the validity of the claims at issue. The PTO granted all three petitions and consolidated all three re-examinations into one proceeding before a single examiner. In April 2008, the court lifted the stay despite the ongoing reexamination proceedings in the PTO which proceedings were subsequently completed in September 2008 and the PTO issued a final rejection of all claims in the asserted patent over prior art. Ricoh has filed a notice of appeal with PTO and had until February 24, 2009 to file its appeal brief. Additionally, in September 2008, the court granted defendants request to refile its summary judgment motion on non-infringement that had been vacated as moot when the stay was imposed in December 2006. A hearing on defendants’ motion for summary judgment was scheduled for January 30, 2009 but was cancelled by the judge who instead told both parties that he would issue his order without holding a hearing. On March 6, 2009, the judge issued a ruling denying the motion for summary judgment without prejudice because of a factual dispute over a patent claim element. The judge has scheduled a further hearing on the disputed claim element for May 22, 2009. On April 3, 2009, the parties exchanged opening briefs on the disputed claim, and exchanged responsive briefs on April 24, 2009. If Synopsis obtains a favorable ruling on the claim construction issue, Synopsys plans to refile its motion for summary judgment. We believe that the asserted claims are without merit, and even if meritorious, that we will be indemnified against damages by Synopsys, and that resolution of this matter will not have a material adverse effect on our consolidated financial position, results of operations, financial condition or cash flows.

During the first quarter of 2009, we favorably settled two intellectual property matters for which we received combined proceeds of $17.3 million. The proceeds primarily related to our assertion of certain patents in our portfolio and the resulting settlement that included a license. Due to these settlements, we recorded approximately $14.8 million of proceeds received as a recovery of previously expensed research and development expenses and recognized the remaining gain of $2.5 million in restructuring, asset impairment and other, net.

Item 1A. Risk Factors

The risk factors included in our Form 10-K for the fiscal year ended December 31, 2008 (“2008 Form 10-K”) have not materially changed.

This Form 10-Q includes “forward-looking statements,” as that term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (“Exchange Act”). All statements, other than statements of historical facts, included or incorporated in this Form 10-Q could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans,” or “anticipates,” or by discussions of strategy, plans or intentions. All forward-looking statements in this Form 10-Q are made based on our current expectations and estimates, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in forward-looking statements. Among these factors are, as discussed more below and in other parts of this Form 10-Q, our revenues and operating performance, poor economic conditions and markets (including the current credit and financial conditions), the cyclical nature of the semiconductor industry, changes in demand for our products, changes in inventories at our customers and distributors, technological and product development risks, availability of raw materials, competitors’ actions, pricing and gross margin pressures, loss of key customers, order cancellations or reduced bookings, changes in manufacturing yields, control of costs and expenses, significant litigation, risks

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associated with acquisitions and dispositions (including the integration of AMIS and Catalyst), risks associated with our substantial leverage and restrictive covenants in our debt agreements, risks associated with our international operations, the threat or occurrence of international armed conflict and terrorist activities both in the United States and internationally, risks and costs associated with regulation of corporate governance and disclosure standards (including pursuant to Section 404 of the Sarbanes-Oxley Act of 2002), and risks involving environmental or other governmental regulation. Additional factors that could affect our future results or events are described under Part I, Item 1A. "Risk Factors" in our 2008 Form 10-K and from time to time in our other Securities and Exchange Commission reports. You should carefully consider the trends, risks and uncertainties described in this Form 10-Q, the 2008 Form 10-K and subsequent reports filed with or furnished to the Securities and Exchange Commission before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None

Item 3. Defaults Upon Senior Securities.

None.

Item 4. Submission of Matters to a Vote of Security Holders.

None.

Item 5. Other Information

None.

Item 6. Exhibits

Exhibit No.	Description
10.1	Employment Agreement, effective April 23, 2006, between Semiconductor Components Industries, LLC and Bill Hall (1)(2)
10.2	Amendment No. 1 to Employment Agreement with Bill Hall executed on April 23, 2008 (1)(2)
10.3	Performance Based Restricted Stock Units Award Agreement under the ON Semiconductor 2000 Stock Incentive Plan (Form of Performance Based Award for Certain Officers) (1)(2)
10.4	Amendment No. 7 to Employment Agreement with Keith Jackson executed on April 30, 2009 (1)(2)

10.5	Amendment No. 2 to Employment Agreement with Donald Colvin executed on April 30, 2009 [(1)(2)]
10.6	Amendment No. 2 to Employment Agreement with W. John Nelson executed on April 30, 2009 [(1)(2)]
10.7	Amendment No. 3 to Employment Agreement with Robert Charles Mahoney executed on April 30, 2009 [(1)(2)]
10.8	Amendment No. 2 to Employment Agreement with George H. Cave executed on April 30, 2009 [(1)(2)]
10.9	Amendment to Consulting Agreement by and between Semiconductor Components Industries, LLC and Phil Hester, dated as of April 22, 2009 [(1)(2)]
31.1	Certification by CEO pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [(2)]
31.2	Certification by CFO pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 [(2)]
32.1	Certification by CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 [(3)]

(1) Management contract or compensatory plan, contract, or arrangement.
(2) Filed herewith.
(3) Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: May 7, 2009

ON SEMICONDUCTOR CORPORATION
(Registrant)

By: /S/ DONALD COLVIN

Donald Colvin
Executive Vice President and Chief Financial Officer

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(2) Filed herewith.
(3) Furnished herewith.

Exhibit 10.1

EMPLOYMENT AGREEMENT

AGREEMENT, dated as of April 23, 2006 (the "Agreement"), between Semiconductor Components Industries, LLC (the "Company"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and Bill Hall (the "Executive").

1. Employment, Duties and Agreements.

(a) The Company hereby agrees to employ the Executive as its Senior Vice President and the Executive hereby accepts such position and agrees to serve the Company in such capacity during the employment period described in Section 3 hereof (the "Employment Period"). The Executive shall report to the Office of the Chief Executive Officer (the "Office of the CEO") of the Company and shall have such duties and responsibilities as the Office of the CEO may reasonably determine from time to time as are consistent with the Executive's position as Senior Vice President. During the Employment Period, the Executive shall be subject to, and shall act in accordance with, all reasonable instructions and directions of the Office of the CEO and all applicable policies and rules of the Company.

(b) During the Employment Period, excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

(c) During the Employment Period, the Executive may not, without the prior written consent of the Company, directly or indirectly, operate, participate in the management, operations or control of, or act as an executive, officer, consultant, agent or representative of, any type of business or service (other than as an executive of the Company), provided that it shall not be a violation of the foregoing for the Executive to manage his personal, financial and legal affairs so long as such activities do not interfere with the performance of his duties and responsibilities to the Company as provided hereunder.

2. Compensation.

(a) As compensation for the agreements made by the Executive herein and the performance by the Executive of his obligations hereunder, during the Employment Period, the Company shall pay the Executive, pursuant to the Company's normal and customary payroll procedures, a base salary at the rate of $270,000 per annum (the "Base Salary"). The Board of Directors of the Company and/or its Compensation Committee (both or either herein may be referred to as the "Board") shall review the Executive's Base Salary from time to time.

(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board (the "Program") and, pursuant to the Program, the Executive may earn a bonus (the "Bonus") on an annual or other performance period basis (a "Performance Cycle") of up to 50% of Base Salary earned during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board.

(c) During the Employment Period: (i) except as specifically provided herein, the Executive shall be entitled to participate in all savings and retirement plans, practices, policies and programs of the Company which are made available generally to other senior executive officers of the Company, and

(ii) except as specifically provided herein, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in, and shall receive all benefits under, all welfare benefit plans, practices, policies and programs provided by the Company which are made available generally to other senior executive officers of the Company (for the avoidance of doubt, such plans, practices, policies or programs shall not include any plan, practice, policy or program which provides benefits in the nature of severance or continuation pay).

(d) During the Employment Period, the Company shall provide the Executive with a car allowance of $1,200 per month.

(e) During the Employment Period, the Company shall reimburse the Executive up to $10,000 annually for financial planning expenses.

(f) During the Employment Period, the Executive shall be entitled to at least four (4) weeks of paid vacation time for each calendar year in accordance with the Company's normal and customary policies and procedures now in force or as such policies and procedures may be modified with respect to senior executive officers of the Company.

(g) During the Employment Period, the Company shall reimburse the Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's normal and customary policies and procedures now in force or as such policies and procedures may be modified with respect to senior executive officers of the Company.

3. Employment Period.

The Company shall employ Executive on the terms and subject to the conditions of this Agreement commencing as of the date of the execution of this Agreement (the "Effective Date"). Executive shall be considered an "at-will" employee, which means that Executive's employment may be terminated by the Company or by the Executive at any time for any reason or no reason at all. The period during which Executive is employed by the Company pursuant to this Agreement shall be referred to as the "Employment Period." The Executive's employment hereunder may be terminated during the Employment Period upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

(a) *Death*. The Executive's employment hereunder shall terminate upon his death.

(b) *Disability*. The Company shall be entitled to terminate the Executive's employment hereunder for "Disability" if, as a result of the Executive's incapacity due to physical or mental illness or injury, the Executive shall have been unable to perform his duties hereunder for a period of ninety (90) consecutive days, and within thirty (30) days after Notice of Termination (as defined in Section 4 below) for Disability is given following such 90-day period the Executive shall not have returned to the performance of his duties on a full-time basis.

(c) *Cause*. The Company may terminate the Executive's employment hereunder for Cause. For purposes of this Agreement, the term "Cause" shall mean: (i) a material breach by the Executive of this Agreement; (ii) the failure by the Executive to reasonably and substantially perform his duties hereunder (other than as a result of physical or mental illness or injury); (iii) the Executive's willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by the Executive of a felony or other serious crime involving moral turpitude. In the case of clauses (i) and (ii) above, the Company shall provide notice to the Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause hereunder and, if such breach or failure is reasonably susceptible to cure, provide the Executive with a reasonable period of time (not to exceed thirty (30) days) to cure such breach or failure. If, subsequent to the Executive's termination of employment hereunder for other than Cause, it is determined in good faith by the Board that the Executive's employment could have been terminated for Cause (except for a termination under (ii) of the above definition of Cause), the Executive's employment shall, at the election of the Board, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

(d) *Without Cause*. The Company may terminate the Executive's employment hereunder during the Employment Period without Cause.

(e) *Voluntarily*. The Executive may voluntarily terminate his employment hereunder (other than for Good Reason), provided that the Executive provides the Company with notice of his intent to terminate his employment at least three months in advance of the Date of Termination (as defined in Section 4 below).

(f) *For Good Reason*. The Executive may terminate his employment hereunder for Good Reason and any such termination shall be deemed a termination by the Company without Cause. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of this Agreement by the Company, (ii) reducing the Executive's salary while at the same time not proportionately reducing the salaries of the other executive officers of the Company, or (iii) a material and continued diminution of the Executive's duties and responsibilities hereunder; provided that in either (i), (ii), or (iii) above, the Executive shall notify the Company within thirty (30) days after the event or events which the Executive believes constitute Good Reason hereunder and shall describe in such notice in reasonable detail such event or events and provide the Company a thirty (30) day period after delivery of such notice to cure such breach or diminution.

4. Termination Procedure.

(a) *Notice of Termination*. Any termination of the Executive's employment by the Company or by the Executive during the Employment Period (other than a termination on account of the death of Executive) shall be communicated by written "Notice of Termination" to the other party hereto in accordance with Section 11(a).

(b) *Date of Termination*. "Date of Termination" shall mean (i) if the Executive's employment is terminated by his death, the date of his death, (ii) if the Executive's employment is terminated pursuant to Section 3(b), thirty (30) days after Notice of Termination, provided that the Executive shall not have returned to the performance of his duties hereunder on a full-time basis within such thirty (30) day period, (iii) if the Executive voluntarily terminates his employment, the date specified in the notice given pursuant to Section 3(e) herein which shall not be less than three months after the Notice of Termination is delivered to the Company, (iv) if the Executive terminates his employment for Good Reason pursuant to Section 3(f) herein, thirty (30) days after Notice of Termination, and (v) if the Executive's employment is terminated for any other reason, the date on which a Notice of Termination is given or any later date (within thirty (30) days, or any alternative time period agreed upon by the parties, after the giving of such notice) set forth in such Notice of Termination.

5. Termination Payments.

(a) *Without Cause*. In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided in Section 3(f) herein), the Executive shall be entitled to: (i) any accrued but unused vacation, (ii) Base Salary through the Date of Termination (to the extent not theretofore paid), (iii) the continuation of Base Salary for twelve (12) months following the Date of Termination, which shall be paid in accordance with the Company's ordinary payroll practices in effect from time to time, provided, however, that the first six (6) months of Base Salary shall be paid in a lump sum on the sixth month anniversary of the Date of Termination, and the remaining six (6) months of payments shall be paid in accordance with the Company's ordinary payroll practices as prescribed above, (iv) any earned but not paid Bonus for the Performance Cycle immediately preceding the Date of Termination, which shall be paid when such Bonuses are paid to other active employees, and (v) a pro-rata portion of the Bonus, if any, for the Performance Cycle in which the

Date of Termination occurs (based on the achievement of the applicable performance criteria and related to the applicable Performance Cycle as described in Section 2(b)), which shall be paid when such Bonuses are paid to other active employees, provided, however that with respect to (iv) and (v) herein, such payments shall be paid on the later of (A) the date the Bonuses are paid under the Program, or (B) the sixth month anniversary of the Date of Termination. In addition, in the event of a termination by the Company without Cause: (1) if the Executive elects to continue the Company's group health plans pursuant to his rights under COBRA, the Company shall pay the Executive's COBRA continuation premiums until the earlier of (x) the date the Executive receives group health benefits from another employer or (y) the one-year anniversary of the Date of Termination; and (2) the Company will provide the Executive with outplacement services from vendors designated by the Company for a period of six (6) months following the Date of Termination, not to exceed $5,000. Notwithstanding the foregoing, the payments and benefits provided in this Section 5 are subject to and conditioned upon the Executive executing a general release and waiver (in the form reasonably acceptable to the Company), waiving all claims the Executive may have against the Company, its successors, assigns, affiliates, executives, officers and directors, and such payments are subject to and conditioned upon the Executive's compliance with the Restrictive Covenants provided in Sections 7 and 8 hereof. Except as provided in this Section 5(a), the Company shall have no additional obligations under this Agreement.

(b) *Cause, Disability, Death or Voluntarily other than for Good Reason*. If the Executive's employment is terminated during the Employment Period by (i) the Company for Cause, (ii) voluntarily by the Executive other than for Good Reason, or (iii) as a result of the Executive's death or Disability, the Company shall pay the Executive or the Executive's estate, as the case may be, within thirty (30) days following the Date of Termination the Executive's accrued but unused vacation and his Base Salary through the Date of Termination (to the extent not theretofore paid). Except as provided in this Section 5(b), the Company shall have no additional obligations under this Agreement.

(c) *Change in Control*. In the event the Company terminates the Executive's employment without Cause (including a deemed termination without Cause as provided in Section 3(f) herein) within two (2) years following a Change in Control (as defined herein), then, in addition to all other benefits provided to the Executive under Section 5(a) of this Agreement, notwithstanding any provision in any applicable option grant agreement or restricted stock award agreement between the Company and the Executive, any outstanding but unvested options or restricted stock awards granted pursuant to the offer of employment letter from the Company dated April 19, 2006 shall vest upon the Date of Termination. For purposes of this Agreement, a "Change in Control" shall have the meaning set forth in the ON Semiconductor Corporation 2000 Stock Incentive Plan for "Change of Control."

6. Legal Fees.

In the event of any contest or dispute between the Company and the Executive with respect to this Agreement or the Executive's employment hereunder, each of the parties shall be responsible for their respective legal fees and expenses.

7. Non-Solicitation.

During the Employment Period and for one (1) year thereafter, the Executive hereby agrees not to, directly or indirectly, solicit or hire or assist any other person or entity in soliciting or hiring any employee of ON Semiconductor Corporation (the "Parent"), the Company or any of their subsidiaries to perform services for any entity (other than the Parent, the Company or their subsidiaries), or attempt to induce any such employee to leave the employment of the Parent, the Company or their subsidiaries.

8. Confidentiality; Non-Compete; Non-Disclosure; Non-Disparagement.

(a) During the Employment Period and thereafter, the Executive shall hold in strict confidence any proprietary or Confidential Information related to the Parent, the Company and their affiliates. For purposes of this Agreement, the term "Confidential Information" shall mean all information of the Parent, the Company or any of their affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets.

(b) The Executive and the Company agree that the Company would likely suffer significant harm from the Executive's competing with the Company during the Employment Period and for some period of time thereafter. Accordingly, the Executive agrees that he will not, during the Employment Period and for a period of one year following the termination of his employment with the Company, directly or indirectly, become employed by, engage in business with, serve as an agent or consultant to, become a partner, member, principal, stockholder or other owner (other than a holder of less than 1% of the outstanding voting shares of any publicly held company) of, or otherwise perform services for (whether or not for compensation) any Competitive Business. For purposes of this Section 8(b), the term "Competitive Business" shall mean any individual, partnership, corporation, limited liability company, unincorporated organization, trust or joint venture, or government agency or political subdivision thereof that is engaged in, or otherwise competes or has a reasonable potential for competing with the Business (as defined herein), anywhere in which the Company or its affiliates engage in or intend to engage in the Business or where the Company or its affiliates' customers are located. For purposes of this Agreement, the "Business" shall mean the design, marketing and sale of power semiconductors or other products offered by the Company or its affiliates for use in electronic products, appliances and automobiles, and such other businesses as the Company may engage in from time to time.

(c) Upon the termination of the Employment Period, the Executive shall not take, without the prior written consent of the Company, any drawing, blueprint, specification or other document (in whatever form) of the Parent, the Company or their affiliates, which is of a confidential nature relating to the Parent, the Company or their affiliates, or, without limitation, relating to any of their methods of distribution, or any description of any formulas or secret processes and will return any such information (in whatever form) then in his possession.

(d) The Executive shall not defame or disparage the Parent, the Company, their affiliates and their officers, directors, members or executives. The Executive hereby agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third party made in respect of the Parent, the Company, their affiliates or their directors, members, officers or executives.

9. Injunctive Relief.

It is impossible to measure in money the damages that will accrue to the Company in the event that the Executive breaches any of the restrictive covenants provided in Sections 7 and 8 hereof. In the event that the Executive breaches any such restrictive covenant, the Company shall be entitled to an injunction restraining the Executive from violating such restrictive covenant (without posting any bond or other security). If the Company shall institute any action or proceeding to enforce any such restrictive covenant, the Executive hereby waives the claim or defense that the Company has an adequate remedy at law and agrees not to assert in any such action or proceeding the claim or defense that the Company has an adequate remedy at law. The foregoing shall not prejudice the Company's right to require the Executive to account for and pay over to the Company, and the Executive hereby agrees to account for and pay over, the compensation, profits, monies, accruals or other benefits derived or received by the Executive as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 7 or 8 hereof.

10. Representations.

(a) The parties hereto hereby represent that they each have the authority to enter into this Agreement, and the Executive hereby represents to the Company that the execution of, and performance of duties under, this Agreement shall not constitute a breach of or otherwise violate any other agreement to which the Executive is a party.

(b) The Executive hereby represents to the Company that he will not utilize or disclose any confidential information obtained by the Executive in connection with his former employment with respect to this duties and responsibilities hereunder.

11. Miscellaneous.

(a) Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally or four days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one day after it is sent by a reputable overnight courier service and, in each case, addressed as follows (or if it is sent through any other method agreed upon by the parties):

If to the Company:

Semiconductor Components Industries, LLC
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: CEO and General Counsel

with a copy to:

Robert J. Raymond
Cleary, Gottlieb, Steen & Hamilton
One Liberty Plaza
New York, NY 10006

If to the Executive, to the address for the Executive on file with the Company at the time of the notice

or to such other address as any party hereto may designate by notice to the others.

(b) This Agreement shall constitute the entire agreement among the parties hereto with respect to the Executive's employment hereunder, and supersedes and is in full substitution for any and all prior understandings or agreements with respect to the Executive's employment (it being understood that, except as otherwise expressly stated in this Agreement, stock options granted to the Executive shall be governed by the relevant option plan and related stock option grant agreement and any other related documents).

(c) This Agreement may be amended only by an instrument in writing signed by the parties hereto, and any provision hereof may be waived only by an instrument in writing signed by the party or parties against whom or which enforcement of such waiver is sought. The failure of any party hereto at any time to require the performance by any other party hereto of any provision hereof shall in no way affect the full right to require such performance at any time thereafter, nor shall the waiver by any party hereto of a breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Agreement.

(d) The parties hereto acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties hereto and not in favor or against either party.

(e) (i) This Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. Neither this Agreement nor any right or obligation hereunder may be assigned by the Executive.

(ii) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume this Agreement in the same manner and to the same extent that the Company would have been required to perform it if no such succession had taken place. As used in the Agreement, the "Company" shall mean both the Company as defined above and any such successor that assumes this Agreement, by operation of law or otherwise.

(f) Any provision of this Agreement (or portion thereof) which is deemed invalid, illegal or unenforceable in any jurisdiction shall, as to that jurisdiction and subject to this Section, be ineffective to the extent of such invalidity, illegality or unenforceability, without affecting in any way the remaining provisions thereof in such jurisdiction or rendering that or any other provisions of this Agreement invalid, illegal, or unenforceable in any other jurisdiction. If any covenant should be deemed invalid, illegal or unenforceable because its scope is considered excessive, such covenant shall be modified so that the scope of the covenant is reduced only to the minimum extent necessary to render the modified covenant valid, legal and enforceable. No waiver of any provision or violation of this Agreement by Company shall be implied by Company's forbearance or failure to take action.

(g) The Company may withhold from any amounts payable to the Executive hereunder all federal, state, city or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation, (it being understood, that the Executive shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(h) The payments and other consideration to the Executive under this Agreement shall be made without right of offset.

(i) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law.

(j) This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument.

(k) The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

Semiconductor Components Industries, LLC

/s/ KEITH JACKSON

Name: Keith Jackson
Title: Chief Executive Officer

/s/ BILL HALL

Bill Hall

AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT

WHEREAS, Semiconductor Components Industries, LLC ("Company") and Bill Hall ("Executive") entered into an Employment Agreement dates as of April 23, 2006 ("Agreement");

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, the Agreement includes provisions pertaining to Section 409A of the Internal Revenue Code of 1986, as amended ("Internal Revenue Code") which relates to non-qualified deferred compensation arrangements;

WHEREAS, one of the Internal Revenue Code Section 409A provisions in the Agreement requires that certain separation from service payments to the Executive be delayed for six months;

WHEREAS, subsequent to the Executive entering into the Agreement with the Company the final regulations under Internal Revenue Code Section 409A were issued and such final regulations clarified various aspects regarding this tax matter;

WHEREAS, now that the final regulations under Internal Revenue Code Section 409A have been issued and as a result of these final regulations, the Company and Executive wish to amend the Agreement to, among other things, permit a distribution following the Executive's separation from service (i.e., without a six month delay in payment) as permitted pursuant to the "separation pay exception" set forth in Treasury Regulation Section 1.409A-1(b)(9) and to clarify certain other matters with respect to Internal Revenue Code Section 409A; and

WHEREAS, the Board of Directors of ON Semiconductor Corporation and its Compensation Committee have both reviewed and considered this matter and this Amendment No. 1 to the Agreement ("Amendment").

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Section 5(a) of the Agreement related to "Termination Payments" and "Without Cause" is hereby amended by replacing the first sentence thereof with the following language, in order to, among other things, provide for the "separation pay exception" to Internal Revenue Code Section 409A:

"*(a) Without Cause.* In the event of the termination of the Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided for in Section 3(f)), the Executive shall be entitled to: (i) any accrued but unused vacation, (ii) Base Salary through the Date of Termination (to the extent not theretofore paid), (iii) the continuation of Base Salary (as in effect immediately prior to the termination) for twelve (12) months following the Date of Termination which, subject to the restriction set forth below, shall be paid in accordance with the Company's ordinary payroll practices in effect from time to time, (iv) any earned but not paid Bonus for the Performance Cycle immediately preceding the Date of Termination, and (v) a pro-rata portion of the Bonus, if any, for the Performance Cycle in which the Date of Termination occurs (based on the achievement of the applicable performance criteria and related to the applicable Performance Cycle as described in Section 2(b)). Notwithstanding the foregoing, the amount of payment set forth in (iii) above during the six-month period following the Date of Termination shall not exceed the severance pay exception limitation amount set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) (any amount subject to the separation pay exception limitation shall be paid in a lump sum on the six-month anniversary of the Date of Termination). If the Company determines in good faith that the separation pay exception set forth in Treasury Regulation Section 1.409A-1(b)(9)(iii)(A) does not apply as of the Date of Termination, the amount set forth in (iii) above shall be paid (a) in an initial lump sum equal to six months' base salary (net of applicable taxes and withholdings) on the six-month anniversary of the Date of Termination and (b) thereafter in installments in accordance with the Company's ordinary payroll practices. The amounts set forth in (i) and (ii) above, shall be paid in accordance with applicable law on the Date of Termination. The amounts set forth in (iv) and (v) above shall be paid as soon as is reasonably practicable after the close of the accounting books and records of the Company for the relevant Performance Cycle at the same time bonuses are paid to other active employees, but in no event will payment be made for any Performance Cycle ending on December 31 before January 1 or after March 15 of the year following the year in which the Performance Cycle ends. If payment by such date is administratively impracticable, payment may be made at a later date as permitted under Treasury Regulation Section 1.409A-1(b)(4)(ii)."

2. Section 11 of the Agreement related to "Miscellaneous" shall be amended by adding the following language at the end of Section 11 as a new subsection (l) with respect to the Internal Revenue Code Section 409A:

"(l) (i) Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of the Executive's termination of employment which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Internal Revenue Code ("Section 409A Regulations") shall be paid unless and until the Executive has incurred a "separation from service" within the meaning of the Section 409A Regulations. Furthermore, to the extent that the Executive is a "specified employee" within the meaning of the Section 409A Regulations as of the date of the Executive's separation from service, no amount that constitutes a deferral of compensation that is payable on account of the Executive's separation from service shall be paid to the Executive before the date ("Delayed Payment Date") which is the first day of the seventh month after the date of the Executive's separation from service or, if earlier, the date of the Executive's death following such separation from service. All such amounts that would, but for this subsection, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date.

(ii) The Company intends that income provided to Executive pursuant to this Agreement will not be subject to taxation under Section 409A of the Internal Revenue Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Internal Revenue Code and the Section 409A Regulations. However, the Company does not guarantee any particular tax effect for income provided to Executive pursuant to this Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to the Executive, the Company shall not be responsible for the payment of any applicable taxes on compensation paid or provided to the Executive pursuant to this Agreement."

3. The provisions of this Amendment shall be effective as of the date written below ("Effective Date"), provided however, that the Agreement shall be operated in good faith compliance with Internal Revenue Code Section 409A for periods beginning January 1, 2005 through the Effective Date.

4. This Amendment shall amend only the provisions of the Agreement as set forth herein. Those provisions of the Agreement not expressly amended shall be considered in full force and effect.

IN WITNESS WHEREOF, the Company and Executive have caused this Amendment to be executed as of this 23 day of April 2008.

COMPANY	Semiconductor Components Industries, LLC
	/s/ COLLEEN McKEOWN
	Name: Colleen McKeown Title: Senior Vice President of Human Resources
EXECUTIVE	Bill Hall, in that person's individual capacity
	By: /s/ WILLIAM M. HALL William M. Hall

[NOTE: FORM FOR SR VP AND ABOVE OFFICERS FIRST USED IN MARCH 2009]

PERFORMANCE BASED RESTRICTED STOCK UNITS AWARD AGREEMENT
ON SEMICONDUCTOR
2000 STOCK INCENTIVE PLAN

ON Semiconductor Corporation, a Delaware Corporation ("Company"), hereby grants to ________________ ("Grantee"), a Participant in the ON Semiconductor Corporation (formerly known as SCG Holding Corporation) 2000 Stock Incentive Plan ("Plan"), as amended, a Performance Based Restricted Stock Units Award ("Award") for Units ("Units") representing shares of the Company's Common Stock ("Stock"). The grant is made effective as of the __________ __, ____("Grant Date"). This Award is designated as a "Performance Based Restricted Stock Unit Award," and as such is granted under the Performance Share Award portion of the Plan.

A. The Board of Directors of the Company ("Board") has adopted the Plan as an incentive to retain members of the Board, and key employees, officers and consultants of the Company and to enhance the ability of the Company to attract new members of the Board, employees, officers and consultants whose services are considered unusually valuable by providing an opportunity for them to have a proprietary interest in the success of the Company.

B. Under the Plan, the Board has delegated its authority to administer the Plan to the Compensation Committee of the Board ("Compensation Committee")

C. The Compensation Committee approved the granting of Units to the Grantee pursuant to the Plan to provide an incentive to the Grantee to focus on the long-term growth of the Company.

D. To the extent not specifically defined in this Performance Based Restricted Stock Units Award Agreement ("Agreement"), all capitalized terms used in this Agreement shall have the meaning set forth in the Plan.

In consideration of the mutual covenants and conditions hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Grantee agree as follows:

1. **Grant of Units**. Grantee is hereby granted a Performance Based Restricted Stock Units Award for _____________________ Units, representing the right to receive the same number of shares of the Company's Stock, subject to the terms and conditions in this Agreement. This Award is granted pursuant to the Plan and its terms are incorporated by reference.

2. **Vesting of Units and Related Information**.

2.1 **Vesting Schedule.** Subject to the terms and conditions set forth in this provision 2 and in other provisions of this Agreement, the Units will vest (if at all) on each Vesting Date (as defined below) beginning in the ________ quarter of ____ and ending on the Vesting Date for the __________ quarter of ____ provided some or all of the below performance measures ("Performance Measures") are achieved. For purposes of this Agreement, the term "Vesting Date" means the date the Company files its Form 10-Q or 10-K during each fiscal quarter, subject to the achievement of relevant Performance Measures.

Quarter & Year of Performance	Cumulative Portion of Units Eligible for Vesting	Performance Measures
-	-	Minimum: Base[1] = $____ million Target[2]: Base + __% increase over Minimum for each subsequent quarter
Quarter 2, ____ *(possible Vesting Date in Q3 ____)*	1/12	Minimum: $_____ million Target: $_____ million
Quarter 3, ____ *(possible Vesting Date in Q4 ____)*	2/12	Minimum: $_____ million Target: $_____ million
Quarter 4, ____ *(possible Vesting Date in Q1 ____)*	3/12	Minimum: $_____ million Target: $_____ million
Quarter 1, ____ *(possible Vesting Date in Q2 ____)*	4/12	Minimum: $_____ million Target: $_____ million
Quarter 2, ____ *(possible Vesting Date in Q3 ____)*	5/12	Minimum: $_____ million Target: $_____ million
Quarter 3, ____ *(possible Vesting Date in Q4 ____)*	6/12	Minimum: $_____ million Target: $_____ million
Quarter 4, _____ *(possible Vesting Date in Q1 ____)*	7/12	Minimum: $_____ million Target: $_____ million

[1] Base is defined as $__________ million of adjusted Non-GAAP (as defined above in this Agreement) EBITDA (as defined above in this Agreement) (per 2.3 and 2.4 below).

[2] Target is the Performance Measure the Grantee must meet to vest 100% of the Units for a given quarter. Again, based on adjusted Non-GAAP EBITDA (per 2.3 and 2.4 below).

Quarter 1, ____ *(possible Vesting Date in Q2 ____)*	8/12	Minimum: $_____ million Target: $_____ million
Quarter 2, ____ *(possible Vesting Date in Q3 ____)*	9/12	Minimum: $_____ million Target: $______ million
Quarter 3, ____ *(possible Vesting Date in Q4 ____)*	10/12	Minimum: $_____ million Target: $_____ million
Quarter 4, _____ *(possible Vesting Date in Q1 ____)*	11/12	Minimum: $_____ million Target: $_____ million
Quarter 1, ____ *(possible Vesting Date in Q2 ____)*	12/12	Minimum: $_____ million Target: $_____ million

2.2 **Terms and Conditions of Vesting**.

(a) If the Minimum Performance Measure is met for the quarter, 50% of the eligible Units shall vest on the relevant Vesting Date. If the applicable Target Performance Measure is met for the quarter, the other 50% of the eligible Units shall vest on the relevant Vesting Date.

(b) If the Minimum Performance Measure is not met for the quarter, no portion of the Units shall vest on the relevant Vesting Date. Any unvested Units will carry forward to subsequent quarters until the Minimum Performance Measure or Target Performance Measure is met, and then all Units carried forward related to these measures shall vest on the relevant Vesting Date.

(c) If the Minimum Performance Measure is met on the relevant Vesting Date, but the Target Performance is not met, 50% of the eligible Units shall vest on the relevant Vesting Date. The remaining 50% of Units shall carry forward to subsequent quarters until the Target Performance Measure is met, and then all Units carried forward related to this measure shall vest on the relevant Vesting Date.

(d) Any unvested Units shall expire immediately on the day after the Vesting Date occurring for the first quarter of ____.

EXAMPLE: For example, assume you are granted _____ Units. One-twelfth, or ___ of the Units are available to vest upon achievement of the Performance Measure(s) each quarter.

[NOTE: VARIOUS EXAMPLES ARE PROVIDED TO THE GRANTEE FOR ILLUSTRATION PURPOSES ONLY]

- The vesting of Units will continue in this manner until and through the Vesting Date for Q_ ____, immediately after which any unvested Units shall expire.

2.3 **Non-GAAP EBITDA.** For the purposes of the above vesting schedule the "Non-GAAP EBITDA" shall mean the Company's earnings before interest (income or expense), taxes, depreciation, and amortization (or "EBITDA") for the applicable quarter, calculated pursuant to the adjustments in 2.4; provided, however, if the Compensation Committee determines that an alternative method would be more appropriate to achieve the objectives of this Award then such method shall be applied to determine Non-GAAP EBITDA for purposes of the above 2.1 vesting schedule for any given quarter. "GAAP" refers to U.S. generally accepted accounting principles consistently applied.

2.4 **Adjustments to Non-GAAP EBITDA**. The Non-GAAP EBITDA of the Company shall be adjusted to exclude the following, without duplication and if applicable to the Company for Non-GAAP EBITDA for a relevant quarter: (i) amortization of purchased intangible assets; (ii) in-process research and development expense; (iii) stock-based compensation expense from acquisitions; (iv) stock-based compensation expense determined in accordance with Statement of Financial Accounting Standards No. 123 (as revised and amended); (v) restructuring, asset impairments and other, net; (vi) gain (loss) on debt prepayment; (vii) goodwill impairment charge; (viii) cumulative effect of accounting change required by GAAP; (ix) extraordinary item; (x) expensing of the step up to fair market value of inventory from acquisitions; and (xi) divestiture related items. Non-GAAP EBITBA, as adjusted, shall specifically include merger and acquisition activity of the Company.

In addition, the Compensation Committee may adjust either the Minimum Performance Measure or Target Performance Measure, as it deems appropriate in its sole discretion, to exclude the effect (whether positive or negative) of any of the following types of events or matters with respect to the Company occurring after the Grant Date of the Award**:** other unusual or infrequent matters or events, or special items similar to the items that the Company excludes or includes (as applicable) when calculating its Non-GAAP EBITDA. Each such adjustment, if any, shall be made solely for the purpose of providing a consistent basis from period to period for the calculation of the Minimum Performance Measure and Target Performance Measure in order to prevent the dilution or enlargement of the Grantee's rights with respect to the Award.

2.5 **Final Determination of Performance Measures Attained**. The Company (or the Compensation Committee with respect to grants to covered employees under Section 162(m) of the U.S. Internal Revenue Code ("Code")) shall be responsible for determining in good faith whether, and to what extent, the Performance Measures set forth in this Agreement have been achieved. The Company or the Compensation Committee, as applicable, may reasonably rely on information from, and representations by, individuals within the Company in making such determination and when made such determination shall be final and binding on the Grantee.

3. **Termination of Employment**.

3.1 **General**. Subject to the provisions of 3.2 below, if the Grantee terminates employment with the Company for any reason (including upon a termination for Cause), any Units that are not vested under the schedule in 2.1 above will be canceled and forfeited as of the date of termination of employment or service. In no event shall any Units vest after the Vesting Date for the first quarter of 2012.

3.2 **Change in Control**. If the Company terminates the Grantee's employment without Cause (including a deemed termination for Good Reason, if applicable for this Grantee, as defined in Grantee's employment agreement or similar document) within two (2) years following a Change in Control, then the unvested portion of the Units shall become immediately vested.

4. **Time and Form of Payment**. Subject to the provisions of the Agreement and the Plan, as the number of Units vest under 2 above, the Company will deliver to the Grantee the same number of whole shares of Stock, rounded up or down. Notwithstanding the preceding, the Company must deliver these shares (if any) within 15 days of the date of vesting.

5. **Nontransferability**. The Units granted by this Agreement shall not be transferable by the Grantee or any other person claiming through the Grantee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or as otherwise provided under Section 13.5 of the Plan.

6. **Adjustments**. In the event of a stock dividend or in the event the Stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation, there shall be substituted for each such remaining share of Stock then subject to this Agreement the number and class of shares of stock into which each outstanding share of Stock shall be so exchanged, all as set forth in Section 14 of the Plan.

7. **Delivery of Shares**. No shares of Stock shall be delivered under this Agreement until: (i) the Units vest in accordance with the schedule set forth in 2.1 above; (ii) approval of any governmental authority required in connection with the Agreement, or the issuance of shares thereunder, has been received by the Company; (iii) if required by the Compensation Committee, the Grantee has delivered to the Company documentation (in form and content acceptable to the Company in its sole and absolute discretion) to assist the Company in concluding that the issuance to the Grantee of any share of Stock under this Agreement would not violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations; and (iv) the Grantee has complied with 13 below of this Agreement in order for the proper provision for required tax withholdings to be made.

8. **Securities Act**. The Company shall not be required to deliver any shares of Stock pursuant to the vesting of Units if, in the opinion of counsel for the Company, such issuance would violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations.

9. **Voting and Other Stockholder Related Rights**. The Grantee will have no voting rights or any other rights as a stockholder of the Company (*e.g.*, no rights to cash dividends) with respect to nonvested Units until the Units become vested and the Company issues shares of Stock to the Grantee.

10. **Delivery of Documents and Notices**. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given (except to the extent that this Agreement provides for effectiveness only upon actual receipt of such notice) upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Grantee by the Company or a subsidiary, or upon deposit in the U.S. Post Office or foreign postal service, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed to the other party at the current address on file with the Company or at such other address as such party may designate in writing from time to time to the other party.

10.1 **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, a grant notice, this Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Grantee electronically. In addition, the Grantee may deliver electronically any grant notice and the Agreement to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

10.2 **Consent to Electronic Delivery**. The Grantee acknowledges that the Grantee has read 10.1 above of this Agreement and consents to the electronic delivery of the Plan documents and any grant notice, as described in 10.1. The Grantee acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company by telephone or in writing. The Grantee further acknowledges that the Grantee will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails.

11. **Administration**. This Agreement shall at all times be subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Compensation Committee in accordance with the terms of and as provided in the Plan. The Compensation Committee shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the majority of the Compensation Committee with respect thereto and to this Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of any grant notice, this Agreement and/or the Plan, first the provisions of the Plan and then the Agreement shall control. All questions of interpretation concerning any grant notice, this Agreement and the Plan shall be determined by the Compensation Committee.

12. **Continuation of Employment**. This Agreement shall not be construed to confer upon the Grantee any right to continue employment with the Company and shall not limit the right of the Company, in its sole and absolute discretion, to terminate Grantee's employment at any time.

13. **Tax Withholding**. Pursuant to Section 17.3 of the Plan, unless otherwise provided by the Compensation Committee prior to the vesting of shares/Units as set forth in the next sentence, the Grantee shall satisfy any federal, state, local or foreign employment or income taxes due upon the vesting of the Units (or otherwise) by having the Company withhold from those shares of Stock that the Grantee would otherwise be entitled to receive, a number of shares having a Fair Market Value equal to the minimum statutory amount necessary to satisfy the Company's applicable federal, state, local and foreign income and employment tax withholding obligation. In lieu of, and subject to, the above, the Compensation Committee may also permit the Grantee to satisfy any federal, state, local, or foreign employment or income taxes due upon the vesting of shares of the Units (or otherwise) by: (i) personal check or other cash equivalent acceptable to the Company; (ii) permitting the Grantee to execute a same day sale of Stock pursuant to procedures approved by the Company; or (iii) such other method as approved by the Compensation Committee, all in accordance with applicable Company policies and procedures and applicable law.

14. **Amendments**. This Agreement may be amended only by a written agreement executed by the Company and the Grantee.

15. **Integrated Agreement**. Any grant notice, this Agreement and the Plan shall constitute the entire understanding and agreement of the Grantee and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Grantee and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of any grant notice and the Agreement shall survive any settlement of the Award and shall remain in full force and effect.

16. **Severability.** If one or more of the provisions of this Agreement shall be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby and the invalid, illegal or unenforceable provisions shall be deemed null and void; however, to the extent permissible by law, any provisions which could be deemed null and void shall first be construed, interpreted or revised retroactively to permit this Agreement to be construed so as to foster the intent of this Agreement and the Plan

17. **Counterparts**. Any grant notice and this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

18. **Governing Law**. This Agreement shall be interpreted and administered under the laws of the State of Delaware.

19. **Other**. The Grantee represents that the Grantee has read and is familiar with the provisions of the Plan and this Agreement, and hereby accepts the Award subject to all of their terms and conditions.

20. **Section 409A Compliance.** Section 409A of the Code imposes an additional 20% tax, plus interest, on payments from "non-qualified deferred compensation plans." Certain payments under this Agreement could be considered to be payments under a "non-qualified deferred compensation plan." The additional 20% tax, and interest, does not apply if the payment qualifies for an exception to the requirements of Section 409A or complies with the requirements of Section 409A. It is Company's belief that the payments due pursuant to this Agreement shall qualify for the "short-term deferral" exception to 409A as set forth in Treasury Regulation Section § 1.409A-1(b)(4). Notwithstanding anything to the contrary in this Agreement, if the Company determines that the Grantee is a "specified employee" (as defined in Treas. Reg. § 1.409A-1(i)) and that payments to be provided to Grantee (i) are made on account of the Grantee's Separation from Service, and (ii) are or may become subject to the additional 20% tax imposed under Section 409A, then such payments shall be paid on the first business day following the expiration of the six month period following the Grantee's Separation from Service. For purposes of this Agreement, the term Separation from Service and Termination of Employment shall have the meaning set forth in Section 409A of the Code and the regulations and guidance issued thereunder.

21. **Compliant Operation and Interpretation**. The Company believes that the Agreement is not subject to the requirements of Section 409A of the Code, but it does not warrant or guaranty that the Agreement is either exempted from the requirements of Section 409A or that the Agreement complies with Section 409A. Employee remains solely responsible for any adverse tax consequences imposed upon him by Section 409A.

IN WITNESS WHEREOF, the Company has caused this Agreement to be signed by its duly authorized representative and the Grantee has signed this Agreement as of the date first written above.

ON SEMICONDUCTOR CORPORATION

By: ______________________________
[NAME OF OFFICER]

Its: ______________________________

By: ______________________________
(Grantee)

**AMENDMENT NO. 7 TO
EMPLOYMENT AGREEMENT
FOR KEITH JACKSON**

WHEREAS, ON Semiconductor Corporation ("Company") and Keith Jackson ("Executive") entered into an Employment Agreement dated as of November 10, 2002 and as previously amended ("Agreement");

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, as of November 12, 2008, the Compensation Committee ("Committee") of the Board of Directors of ON Semiconductor Corporation considered and approved an increase, effective January 4, 2009, of the maximum target bonus percentage for the Executive from 100% to 125% of his Base Salary during the applicable Performance Cycle under a bonus Program established and approved by the Committee and/or Board; and

WHEREAS, the Company and the Executive now wish to amend the Agreement to reflect the increase to the maximum target bonus percentage to 125% consistent with the Committee's approvals and make certain related conforming changes to the Agreement.

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Effective January 4, 2009, Section 2(b) of the Agreement related to "Compensation" is hereby amended by replacing such section in its entirety with the following:

> "(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board and/or its Compensation Committee (both or either herein may be referred to as the "Board") (the "Program") and, pursuant to the Program, the Executive may earn a bonus (the "Bonus") on an annual or other performance period basis (a "Performance Cycle") up to a maximum target of 125% of Base Salary paid during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as and if provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board."

2. Except as otherwise specifically provided in this Amendment, all terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the 30 day of April 2009.

EXECUTIVE:	**Keith Jackson, in his individual capacity**
	By: /s/ KEITH JACKSON
	Name: Keith Jackson
	Title: Chief Executive Officer and President
CORPORATION:	**ON Semiconductor Corporation**
	By: /s/ COLLEEN MCKEOWN
	Name: Colleen McKeown
	Title: Senior Vice President of Human Resources

AMENDMENT NO. 2 TO EMPLOYMENT AGREEMENT

WHEREAS, Semiconductor Components Industries, LLC (“Company”) and Donald Colvin (“Executive”) entered into an Employment Agreement dated as of May 26, 2005 (“Agreement”) and as previously amended;

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, as of November 12, 2008 the Compensation Committee (“Committee”) of the Board of Directors of ON Semiconductor Corporation considered and approved an increase, effective January 4, 2009, of the maximum target bonus percentage for the Executive from 65% to 75% of his Base Salary during the applicable Performance Cycle under a bonus Program established and approved by the Committee and/or Board; and

WHEREAS, the Company and the Executive now wish to amend the Agreement to reflect the increase to the maximum target bonus percentage to 75% consistent with the Committee’s approvals and make certain related conforming changes to the Agreement.

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Effective January 4, 2009, Section 2(b) of the Agreement related to “Compensation” is hereby amended by replacing such section in its entirety with the following:

> “(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board (the “Program”) and, pursuant to the Program, the Executive may earn a bonus (the “Bonus”) on an annual or other performance period basis (a “Performance Cycle”) of up to a maximum target of 75% of Base Salary earned during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board.”

2. This Agreement shall amend only the provisions of the Agreement as set forth herein. Those provisions of the Agreement not expressly amended shall be considered in full force and effect.

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the 30 day of April 2009.

COMPANY:

Semiconductor Components Industries, LLC

By: /s/ COLLEEN MCKEOWN
Name: Colleen McKeown
Title: Senior Vice President of Human Resources

EXECUTIVE:

Donald Colvin, in his individual capacity

By: /s/ DONALD COLVIN
Name: Donald Colvin
Title: Executive Vice President, Chief Financial Officer and Treasurer

Exhibit 10.6

**AMENDMENT NO. 2 TO
EMPLOYMENT AGREEMENT**

WHEREAS, Semiconductor Components Industries, LLC (“Company”) and W. John Nelson (“Executive”) entered into an Employment Agreement dated as of May 1, 2007 (“Agreement”) and as previously amended;

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, as of November 12, 2008 the Compensation Committee (“Committee”) of the Board of Directors of ON Semiconductor Corporation considered and approved an increase, effective January 4, 2009, of the maximum target bonus percentage for the Executive from 65% to 75% of his Base Salary during the applicable Performance Cycle under a bonus Program established and approved by the Committee and/or Board; and

WHEREAS, the Company and the Executive now wish to amend the Agreement to reflect the increase to the maximum target bonus percentage to 75% consistent with the Board’s and Committee’s approvals and make certain related conforming changes to the Agreement.

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Effective January 4, 2009, Section 2(b) of the Agreement related to “Compensation” is hereby amended by replacing such section in its entirety with the following:

> “(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board (the “Program”) and, pursuant to the Program, the Executive may earn a bonus (the “Bonus”) on an annual or other performance period basis (a “Performance Cycle”) of up to a maximum target of 75% of Base Salary earned during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board.”

2. This Agreement shall amend only the provisions of the Agreement as set forth herein. Those provisions of the Agreement not expressly amended shall be considered in full force and effect.

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the 30 day of April 2009.

COMPANY:	**Semiconductor Components Industries, LLC**	
	By:	/s/ COLLEEN MCKEOWN
	Name:	Colleen McKeown
	Title:	Senior Vice President of Human Resources
EXECUTIVE:	**W. John Nelson, in his individual capacity**	
	By:	/s/ W. JOHN NELSON
	Name:	W. John Nelson
	Title:	Executive Vice President & Chief Operating Officer

Exhibit 10.7

**AMENDMENT NO. 3 TO
EMPLOYMENT AGREEMENT**

WHEREAS, Semiconductor Components Industries, LLC (“Company”) and Robert Charles Mahoney (“Executive”) entered into an Employment Agreement dated as of July 11, 2006 and as previously amended (“Agreement”);

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, as of November 12, 2008 the Compensation Committee (“Committee”) of the Board of Directors of ON Semiconductor Corporation considered and approved an increase, effective January 4, 2009, of the maximum target bonus percentage for the Executive from 65% to 75% of his Base Salary during the applicable Performance Cycle under a bonus Program established and approved by the Committee and/or Board; and

WHEREAS, the Company and the Executive now wish to amend the Agreement to reflect the increase to the maximum target bonus percentage to 75% consistent with the Committee’s approvals and make certain related conforming changes to the Agreement.

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Effective January 4, 2009, Section 2(b) of the Agreement related to “Compensation” is hereby amended by replacing such section in its entirety with the following:

> “(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board (the “Program”) and, pursuant to the Program, the Executive may earn a bonus (the “Bonus”) on an annual or other performance period basis (a “Performance Cycle”) of up to a maximum target of 75% of Base Salary earned during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board.”

2. This Agreement shall amend only the provisions of the Agreement as set forth herein. Those provisions of the Agreement not expressly amended shall be considered in full force and effect.

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the 30 day of April 2009.

COMPANY:	**Semiconductor Components Industries, LLC**
	By: /s/ COLLEEN MCKEOWN
	Name: Colleen McKeown
	Title: Senior Vice President of Human Resources
EXECUTIVE:	**Robert Charles Mahoney, in his individual capacity**
	By: /s/ ROBERT CHARLES MAHONEY
	Name: Robert Charles Mahoney
	Title: Executive Vice President, Sales and Marketing

Exhibit 10.8

AMENDMENT NO. 2 TO
EMPLOYMENT AGREEMENT

WHEREAS, Semiconductor Components Industries, LLC (“Company”) George H. Cave and (“Executive”) entered into an Employment Agreement dated as of May 26, 2005 (“Agreement”) and as previously amended;

WHEREAS, all defined terms used herein shall have the meanings set forth in the Agreement unless specifically defined herein;

WHEREAS, as of November 12, 2008 the Compensation Committee (“Committee”) of the Board of Directors of ON Semiconductor Corporation considered and approved an increase, effective January 4, 2009, of the maximum target bonus percentage for the Executive from 50% to 60% of his Base Salary during the applicable Performance Cycle under a bonus Program established and approved by the Committee and/or Board; and

WHEREAS, the Company and the Executive now wish to amend the Agreement to reflect the increase to the maximum target bonus percentage to 60% consistent with the Committee’s approvals and make certain related conforming changes to the Agreement.

NOW, THEREFORE, for mutual consideration the receipt of which is hereby acknowledged, the Agreement is hereby amended as follows:

1. Effective January 4, 2009, Section 2(b) of the Agreement related to “Compensation” is hereby amended by replacing such section in its entirety with the following:

> “(b) In addition to the Base Salary, during the Employment Period, the Executive shall be eligible to participate in the bonus program established and approved by the Board (the “Program”) and, pursuant to the Program, the Executive may earn a bonus (the “Bonus”) on an annual or other performance period basis (a “Performance Cycle”) of up to a maximum target of 60% of Base Salary earned during the applicable Performance Cycle or an additional amount as approved by the Board under the Program and in each case based on certain performance criteria; provided that the Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and pursuant to the Program. The Bonus will be specified by the Board, and the Bonus will be reviewed at least annually by the Board.”

2. This Agreement shall amend only the provisions of the Agreement as set forth herein. Those provisions of the Agreement not expressly amended shall be considered in full force and effect.

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the 30 day of April 2009.

COMPANY: **Semiconductor Components Industries, LLC**

By: /s/ COLLEEN MCKEOWN
Name: Colleen McKeown
Title: Senior Vice President of Human Resources

EXECUTIVE: **George H. Cave, in his individual capacity**

By: /s/ GEORGE H. CAVE
Name: George H. Cave
Title: Senior Vice President, General Counsel, Chief Compliance and Ethics Officer and Secretary

Exhibit 10.9

AMENDMENT TO CONSULTING AGREEMENT

This Amendment is made as of this 22 day of April, 2009 (“Effective Date”), by and between Semiconductor Components Industries, LLC (“SCI”), a Delaware corporation, with offices at 5005 E. McDowell Rd. Phoenix, AZ 85008, doing business as ON Semiconductor (“SCI”), and **Phil Hester** with offices at 3320 Ranch Road 620 North, Austin, TX 78734 (“Consultant”), (collectively, the “Parties”).

WHEREAS, effective December 22, 2008, the Parties entered into a Consulting Agreement under which Consultant provides certain services to SCI (the “Consulting Agreement”);

WHEREAS, the Parties wish to amend the Consulting Agreement by extending the term of Consultant’s services;

NOW THEREFORE, the parties agree as follows:

1. Any capitalized terms not defined herein, shall have the meaning set forth in the Consulting Agreement.
2. In the TERM paragraph of the Statement of Work attached to the Consulting Agreement, the Parties extend the END DATE to April 30, 2009.
3. All other terms and conditions of the Consulting Agreement remain the same.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Effective Date.

CONSULTANT	**SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC**
By: /s/ PHIL HESTER	By: /s/ G. SONNY CAVE
Phil Hester	G. Sonny Cave
	Title: Senior Vice President and General Counsel

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Keith D. Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ON Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2009

/s/ KEITH D. JACKSON

Keith D. Jackson
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Donald A. Colvin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ON Semiconductor Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 7, 2009

/s/ DONALD A. COLVIN

Donald A. Colvin
Chief Financial Officer

Exhibit 32.1

Certification

Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
(Subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code)

Pursuant to section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of section 1350, chapter 63 of title 18, United States Code), each of the undersigned officers of ON Semiconductor Corporation, a Delaware corporation ("Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2009 ("Form 10-Q") of the Company fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934 and information contained in the Form10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 7, 2009

/s/ KEITH D. JACKSON
Keith D. Jackson
President and Chief Executive Officer

Dated: May 7, 2009

/s/ DONALD A. COLVIN
Donald A. Colvin
Executive Vice President and Chief Financial Officer

(A signed original of this written statement required by Section 906 has been provided to ON Semiconductor Corporation and will be retained by ON Semiconductor Corporation and furnished to the Securities and Exchange Commission or its staff upon request.)