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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 1, 2011

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 April 29, 2011:

Title of Each Class	Number of Shares
Common Stock, par value $0.01 per share	444,711,831

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PART I: FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	April 1, 2011	December 31, 2010
Assets		
Cash and cash equivalents	$ 766.0	$ 623.3
Receivables, net	576.3	294.6
Inventories	767.5	360.8
Other current assets	121.7	63.6
Deferred income taxes, net of allowances	16.4	15.7
Total current assets	2,247.9	1,358.0
Restricted cash	—	142.1
Property, plant and equipment, net	1,061.3	864.3
Deferred income taxes, net of allowances	62.3	—
Goodwill	199.2	191.2
Intangible assets, net	370.7	303.0
Other assets	75.4	60.6
Total assets	$ 4,016.8	$ 2,919.2
Liabilities, Minority Interests and Stockholders' Equity		
Accounts payable	$ 527.8	$ 256.9
Accrued expenses	197.5	162.6
Income taxes payable	7.2	5.1
Accrued interest	4.5	0.8
Deferred income on sales to distributors	169.5	149.5
Deferred income taxes, net of allowances	62.8	—
Current portion of long-term debt	176.8	136.0
Total current liabilities	1,146.1	710.9
Long-term debt	1,095.2	752.8
Other long-term liabilities	244.2	49.3
Deferred income taxes, net of allowances	21.6	18.2
Total liabilities	2,507.1	1,531.2
Commitments and contingencies (See Note 10)		
ON Semiconductor Corporation stockholders' equity:		
Common stock ($0.01 par value, 750,000,000 shares authorized, 494,262,714 and 485,904,100 shares issued, 444,437,415 and 436,774,177 shares outstanding, respectively)	4.9	4.9
Additional paid-in capital	3,069.5	3,016.1
Accumulated other comprehensive loss	(58.7)	(59.1)
Accumulated deficit	(1,139.1)	(1,213.9)
Less: treasury stock, at cost; 49,825,299 and 49,129,923 shares, respectively	(389.6)	(382.0)
Total ON Semiconductor Corporation stockholders' equity	1,487.0	1,366.0
Minority interests in consolidated subsidiaries	22.7	22.0
Total equity	1,509.7	1,388.0
Total liabilities and equity	$ 4,016.8	$ 2,919.2

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 1, 2011	April 2, 2010
Revenues	$870.6	$550.2
Cost of product revenues	628.2	322.1
Gross profit	242.4	228.1
Operating expenses:		
Research and development	91.1	65.2
Selling and marketing	49.4	35.6
General and administrative	47.1	31.5
Amortization of acquisition-related intangible assets	9.7	7.8
Restructuring, asset impairments and other, net	12.4	3.8
Total operating expenses	209.7	143.9
Operating income	32.7	84.2
Other income (expenses), net:		
Interest expense	(17.8)	(16.4)
Interest income	0.3	0.1
Other	(0.2)	(2.8)
Gain on SANYO Semiconductor acquisition	61.3	—
Other income (expenses), net	43.6	(19.1)
Income before income taxes	76.3	65.1
Income tax provision	(0.8)	(1.4)
Net income	75.5	63.7
Less: Net income attributable to minority interests	(0.7)	(0.7)
Net income attributable to ON Semiconductor Corporation	$ 74.8	$ 63.0
Net income per common share attributable to ON Semiconductor Corporation:		
Basic	$ 0.17	$ 0.15
Diluted	$ 0.16	$ 0.14
Weighted average common shares outstanding:		
Basic	441.4	428.1
Diluted	456.0	440.9

See accompanying notes to consolidated financial statements

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

	Quarter Ended	
	April 1, 2011	April 2, 2010
Cash flows from operating activities:		
Net income	$ 75.5	$ 63.7
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	52.8	39.7
Gain on sale and disposal of fixed assets	(2.1)	(2.1)
Gain on acquisition of SANYO Semiconductor	(61.3)	—
Amortization of debt issuance costs and debt discount	0.6	0.7
Provision for excess inventories	1.7	(1.1)
Non-cash stock compensation expense	10.4	13.7
Non-cash interest	8.7	8.7
Non-cash manufacturing expenses associated with favorable supply agreement	50.0	—
Deferred income taxes	3.2	2.3
Other	(1.0)	(1.0)
Changes in assets and liabilities (exclusive of the impact of acquisitions):		
Receivables	(36.0)	(32.1)
Inventories	24.7	(17.6)
Other assets	25.1	8.2
Accounts payable	(20.6)	9.8
Accrued expenses	(29.3)	5.2
Income taxes payable	(3.0)	(2.1)
Accrued interest	3.7	3.7
Deferred income on sales to distributors	20.0	10.3
Other long-term liabilities	2.5	(0.5)
Net cash provided by operating activities	125.6	109.5
Cash flows from investing activities:		
Purchases of property, plant and equipment	(88.7)	(41.0)
Purchase of businesses, net of cash acquired	(57.6)	(66.8)
Deposits utilized for purchases of property, plant and equipment	—	(0.9)
Proceeds from held-to-maturity securities	—	45.5
Uses of restricted cash	142.1	—
Net cash used in investing activities	(4.2)	(63.2)
Cash flows from financing activities:		
Proceeds from issuance of common stock under the employee stock purchase plan	1.9	1.6
Proceeds from debt issuance	15.2	0.2
Proceeds from exercise of stock options	41.1	4.5
Payment of capital lease obligation	(9.9)	(9.2)
Purchase of treasury stock	(7.6)	(3.8)
Repayment of long-term debt	(19.6)	(4.4)
Net cash provided by (used in) financing activities	21.1	(11.1)
Effect of exchange rate changes on cash and cash equivalents	0.2	(0.2)
Net increase in cash and cash equivalents	142.7	35.0
Cash and cash equivalents, beginning of period	623.3	525.7
Cash and cash equivalents, end of period	$766.0	$560.7

See accompanying notes to consolidated financial statements

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

Note 1: Background and Basis of Presentation

ON Semiconductor Corporation ("ON Semiconductor"), together with its wholly and majority-owned subsidiaries (the "Company"), is a premier supplier of high performance, silicon solutions for energy efficient electronics. The Company's broad portfolio of power and signal management, logic, discrete and custom devices helps customers efficiently solve their design challenges in automotive, communications, computing, consumer, industrial, LED lighting, medical, military/aerospace and power applications.

On January 1, 2011, the Company completed the purchase of SANYO Semiconductor Co. Ltd. ("SANYO Semiconductor"), a subsidiary of SANYO Electric Co. Ltd. ("SANYO Electric"), and certain other assets related to SANYO Electric's semiconductor business, whereby SANYO Semiconductor became a wholly-owned subsidiary of the Company (see Note 2: "Acquisitions" for further discussion).

On February 27, 2011, the Company completed the purchase of the CMOS Image Sensor Business Unit ("ISBU") from Cypress Semiconductor Corporation ("Cypress Semiconductor") (see Note 2: "Acquisitions" for further discussion).

The accompanying unaudited financial statements as of April 1, 2011, and for the three months ended April 1, 2011 and April 2, 2010, 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 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, 2010, included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2010 ("2010 Form 10-K"). The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the full year.

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; estimates of future payouts for customer incentives, warranties, and restructuring activities; assumptions surrounding future pension obligations and related trust returns; the fair value of stock options and of financial instruments (including derivative financial instruments); and future cash flows associated with long-lived assets and goodwill impairment charges. Actual results could differ from these estimates.

Note 2: Acquisitions

Acquisition of SANYO Semiconductor Co., Ltd.

On January 1, 2011, the Company completed the purchase of SANYO Semiconductor, whereby SANYO Semiconductor became a wholly-owned subsidiary of the Company. The purchase price, which reflects a $19.0 million purchase price adjustment due from SANYO Electric to the Company which is subject to future adjustments, totaled $500.6 million. At the time of acquisition, the Company paid approximately $142.1 million in cash, with the remaining $377.5 million borrowed by the Company, through its subsidiary, Semiconductor Components Industries, LLC ("SCI LLC"), by issuance of a note payable to SANYO Electric.

SANYO Semiconductor designs, manufactures and sells discrete components, hybrid integrated circuits, radio frequency and power related products as well as custom integrated circuits. Many of these devices fall into the Company's existing product categories, however SANYO Semiconductor expands the Company's capacity in microcontrollers and extends our custom Application Specific Integrated Circuits ("ASICs") to integrate power modules and motor devices for the consumer, automotive and industrial end-markets. SANYO Semiconductor also expands the Company's presence in the Japan market.

The following table presents the initial allocation of the purchase price of SANYO Semiconductor, to the assets acquired based on their estimated fair values (in millions):

Cash and cash equivalents	$ 117.1
Receivables, net	242.1
Inventory	423.9
Deferred income taxes current	0.5
Other current assets	119.2
Property, plant and equipment	148.0
Deferred income taxes, noncurrent	60.5
Intangible assets	55.7
Other non-current assets	14.9
Total assets acquired	1,181.9
Accounts payable	(300.0)
Deferred income taxes, current	(70.3)
Other current liabilities	(61.3)
Deferred income taxes, noncurrent	(0.5)
Long-term accrued liabilities	(187.9)
Total liabilities assumed	(620.0)
Net assets acquired	561.9
Gain on acquisition	(61.3)
	$ 500.6

The acquisition was accounted for as a business purchase pursuant to Accounting Standards Codification ("ASC") Topic 805, *Business Combinations*. Under this ASC, acquisition and integration costs are not included as components of consideration transferred, but are accounted for as expenses in the period in which the costs are incurred.

Accounting standards require that when the fair value of the net assets acquired exceeds the purchase price, resulting in a bargain purchase gain, the acquirer must reassess the reasonableness of the values assigned to all of the net assets acquired, liabilities assumed and consideration transferred. The Company has performed such a reassessment and has concluded that the values assigned for the SANYO Semiconductor acquisition are reasonable. Consequently, the Company has recorded a $61.3 million bargain purchase gain on the SANYO Semiconductor acquisition. The Company believes the gain realized in purchase accounting was the result of a number of factors, including the following: SANYO Electric wanting to exit its semiconductor operations, historical losses recognized by SANYO Electric SANYO Electric, viewing this as the best outcome for SANYO Semiconductor and the fact that the Company will incur expenses associated with the transfer and consolidation of certain operations.

The purchase price allocation for the SANYO Semiconductor acquisition is preliminary and is subject to revision pending the receipt of additional information relating to the fair value of assets acquired and liabilities assumed. As of the end of the first quarter, management had not yet completed its evaluation of the fair value of certain assets and liabilities acquired, primarily (i) the final valuation of intangible assets identified as a result of the acquisition, (ii) the final valuation of certain income tax accounts, and (iii) certain retirement plan liabilities assumed in connection with the SANYO Semiconductor business in Japan. Additional information related to the fair value of the assets acquired and liabilities assumed that is received during the measurement period may have a material impact on the allocation of the purchase price, including values assigned to assets, liabilities and the amount of the gain recognized in connection with the acquisition, which will be adjusted on a retrospective basis.

The $55.7 million of acquired intangible assets were assigned a weighted-average useful life of approximately 7 to 8 years. The intangible assets that make up that amount include: patents of $27.0 million (7-year weighted average useful life), $3.0 million of trademarks (3-year weighted average useful life) and customer relationships of $25.7 million (8-year weighted average useful life). Other current assets acquired includes $80.0 million representing the estimated fair value of a favorable supply arrangement provided by SANYO Electric in the form of operational cost reduction to the acquired business during the period of time it is effectively required to utilize certain SANYO Electric seconded employees and manufacturing facilities in Japan. This asset is being charged to cost of goods sold over the period of benefit, which is estimated to be 5 months.

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; these techniques were 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 income approach is predicated upon the value of the future cash flows that an asset is expected to generate over its economic life. The cost approach takes into account the cost to replace (or reproduce) the asset and the effects on the assets 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.

Included in net assets acquired are long-term liabilities representing approximately $46.9 million of assumed underfunded pension obligations relating to existing defined benefit pension plans as well as $136.4 million representing estimated liabilities associated with the Company’s intent to withdraw from the SANYO Electric or affiliate multiemployer defined benefit pension plan in which certain employees participate. The Company is in the process of establishing a defined benefit pension plans which is intended to provide similar retirement benefits as the SANYO Electric sponsored multiemployer plans and expects to withdraw from the SANYO Electric sponsored multiemployer plans by December 31, 2012.

The following unaudited pro forma consolidated results of operations for the quarter ended April 2, 2010 has been prepared as if the acquisition of SANYO Semiconductor had occurred on January 1, 2010 and includes adjustments for depreciation expense, amortization of intangibles and the tax effect of such items (in millions, except per share data):

	For Quarter Ended April 2, 2010	
Net Revenues	$	842.6
Net Income	$	55.2
Net income per common share—Basic	$	0.13
Net income per common share—Diluted	$	0.13

Acquisition of the CMOS Image Sensor Business Unit from Cypress Semiconductor

On February 27, 2011, the Company completed the purchase of the ISBU from Cypress Semiconductor, which was accounted for as an acquisition of a business. The Company paid approximately $34.1 million in cash. The ISBU purchased from Cypress Semiconductor includes a broad portfolio of high-performance custom and standard image sensors used in multi-megapixel machine vision, linear and two dimensional (2D) bar code imaging, medical x-ray imaging, biometrics, digital photography and cinematography, and aerospace applications. The acquired products include the VITA, LUPA, STAR and IBIS families, which are all well known throughout the industry.

The initial allocation of 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. These valuation techniques were 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 income approach is predicated upon the value of future cash flows that an asset is expected to generate over its economic life. The cost approach takes into account the cost to replace (or reproduce) the asset and the effects 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. As of April 1, 2011, management of the Company had not received all information necessary to finalize the allocation of the purchase price. Management expects to complete this during the second quarter of the 2011 fiscal year. Any adjustments to the initial allocation are not expected to be material.

The following table presents the initial allocation of the purchase price of the ISBU to the assets acquired based on their estimated fair values (in millions):

Cash and cash equivalents	$ 1.5
Receivables, net	2.6
Inventory	9.2
Other current assets	0.4
Property, plant and equipment	1.2
Goodwill	8.0
Intangible assets	11.2
In-process research and development	11.2
Total assets acquired	45.3
Accounts payable	(5.6)
Other current liabilities	(4.2)
Other non-current liabilities	(1.4)
Total liabilities assumed	(11.2)
Net assets acquired	$ 34.1

Of the $22.4 million of acquired intangible assets, $11.2 million was assigned to in-process research and development ("IPRD") assets that will be amortized over the useful life upon successful completion of the projects or expensed if impaired. 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 17.5% was used in the present value calculations, and was derived from a weighted-average cost of capital analysis, adjusted to reflect the risks inherent in the acquired research and development operations.

The remaining $11.2 million of acquired intangible assets have a weighted-average useful life of approximately 6.1 years. The intangible assets that make up the amount include: customer relationships of $4.2 million (6.0-year weighted average useful life), developed technology of $6.2 million (7.0-year weighted average useful life) and backlog of $0.8 million (0.3-year weighted average useful life).

Of the total purchase price of approximately $34.1 million, approximately $8.0 million was initially 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 were the potential synergies expected to be derived from combining the ISBU business with the Company's existing sensor business. The Company expects these relationships to provide the capability of selling advanced technology of next generation products to the market place. Goodwill will not be amortized but instead tested for impairment at least annually (more frequently if certain indicators are present). The $8.0 million of goodwill as of April 1, 2011 was assigned to the digital and mixed signal product group, none of which is expected to be deductible for tax purposes.

The Company has determined that pro forma results of operations for the ISBU are not significant for inclusion.

Note 3: Goodwill and Intangible Assets

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the net assets acquired in the Company's acquisitions (see Note 2: "Acquisitions" for further discussion).

Goodwill is evaluated for potential impairment on an annual basis or whenever events or circumstances indicate that impairment may have occurred. See Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations—Critical Accounting Policies and Estimates – Goodwill" of this Form 10-Q for information concerning this process. The Company will perform its annual impairment analysis as of the first day of the fiscal fourth quarter of each year unless a triggering event would require an expedited analysis. 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. As of April 1, 2011, there were no triggering events which would require the Company to perform an impairment analysis.

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; because they are one level below the operating segments, they constitute individual businesses and the Company's segment management controllers regularly review 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 below acquisition transactions to the carrying value as of April 1, 2011 and December 31, 2010 for each reporting unit that contains goodwill, is as follows, in millions:

			Balance as of December 31, 2010				For the Quarter Ended April 1, 2011			Balance as of April 1, 2011			
Acquisition	Operating Segment	Reporting Unit	Goodwill	Accumulated Amortization	Accumulated Impairment Losses	Carrying Value	Goodwill Acquired	Purchase Price Adjustments	Impairment Losses	Goodwill	Accumulated Amortization	Accumulated Impairment Losses	Carrying Value
Cherry acquisition:													
	Automotive & Power Group:												
		Analog Automotive	$ 21.8	$ (4.2)	$ —	$ 17.6	$ —	$ —	$ —	$ 21.8	$ (4.2)	$ —	$ 17.6
	Computing & Consumer Products:												
		Signal & Interface	29.1	(5.6)	—	23.5	—	—	—	29.1	(5.6)	—	23.5
Leshan additional interest:													
	Standard Products:												
		Small Signal	3.8	—	—	3.8	—	—	—	3.8	—	—	3.8
AMIS acquisition:													
	Digital & Mixed-Signal Product Group:												
		Industrial	238.7	—	(214.7)	24.0	—	—	—	238.7	—	(214.7)	24.0
		Foundry	146.2	—	(131.4)	14.8	—	—	—	146.2	—	(131.4)	14.8
		Medical	79.7	—	(59.9)	19.8	—	—	—	79.7	—	(59.9)	19.8
		Military/Aerospace	44.8	—	—	44.8	—	—	—	44.8	—	—	44.8
Catalyst acquisition:													
	Standard Products:												
		Memory Products	14.1	—	—	14.1	—	—	—	14.1	—	—	14.1
PulseCore acquisition:													
	Digital & Mixed-Signal Product Group:												
		Protection Products	8.9	—	(8.9)	—	—	—	—	8.9	—	(8.9)	—
CMD acquisition:													
	Standard Products:												
		Filter Products	20.1	—	—	20.1		—	—	20.1	—	—	20.1
SDT acquisition:													
	Digital & Mixed-Signal Product Group:												
		Medical Products	8.7	—	—	8.7		—	—	8.7	—	—	8.7
ISBU acquisition:													
	Digital & Mixed-Signal Product Group:												
		Sensor Products	—	—	—	—	8.0	—	—	8.0			8.0
			$ 615.9	$ (9.8)	$ (414.9)	$ 191.2	$ 8.0	$ —	$ —	$ 623.9	$ (9.8)	$ (414.9)	$ 199.2

Intangible Assets

The Company's acquisitions resulted in intangible assets consisting of values assigned to intellectual property, assembled workforce, customer relationships, non-compete agreements, patents, developed technology, trademarks, acquired software and in-process research and development. These are stated at cost less accumulated amortization and are amortized over their economic useful life ranging from less than one year 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 1, 2011 and December 31, 2010 (in millions):

	April 1, 2011					
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Impairment	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (7.5)	$ —	—	$ 6.4	5-12
Assembled workforce	6.7	(6.5)	—	—	0.2	5
Customer relationships	280.3	(55.8)	(27.2)	(3.2)	194.1	5-18
Non-compete agreements	0.5	(0.5)	—	—	—	1-3
Patents	43.7	(5.6)	—	—	38.1	12
Developed technology	122.1	(25.5)	—	(2.0)	94.6	5-12
Trademarks	14.0	(1.9)	—	—	12.1	15
In-process research and development	26.6	—	—	(2.0)	24.6	8
Acquired software	1.0	(1.0)	—	—	—	2
Backlog	0.8	(0.2)	—	—	0.6	0.3
Total intangibles	$509.6	$ (104.5)	$ (27.2)	$ (7.2)	$ 370.7	

	December 31, 2010					
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Impairment	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (7.0)	$ —	$ —	$ 6.9	5-12
Assembled workforce	6.7	(6.1)	—	—	0.6	5
Customer relationships	250.5	(51.2)	(27.2)	(3.2)	168.9	5-18
Non-compete agreements	0.5	(0.5)	—	—	—	1-3
Patents	16.7	(4.2)	—	—	12.5	12
Developed technology	113.0	(22.5)	—	(2.0)	88.5	5-12
Trademarks	11.0	(1.7)	—	—	9.3	15
In-process research and development	18.3	—	—	(2.0)	16.3	8
Acquired software	1.0	(1.0)	—	—	—	2
Total intangibles	$431.6	$ (94.2)	$ (27.2)	$ (7.2)	$ 303.0	

Amortization expense for intangible assets amounted to $10.3 million for the quarter ended April 1, 2011, of which $0.6 million was included in cost of revenues; and $8.4 million for the quarter ended April 2, 2010, of which $0.6 million was included in cost of revenues. The Company is currently amortizing seven projects totaling $8.0 million through developed technology relating to projects that were originally classified as in-process research and development at time of acquisition, but which are now completed, over a weighted average useful life of 11 years. Amortization expense for intangible assets, with the exception of the remaining $24.6 million of in-process research and development assets that will be amortized once the corresponding projects have been completed, is expected to be as follows over the next five years, and thereafter (in millions):

	Total
Remainder of 2011	$ 32.0
2012	40.6
2013	35.9
2014	35.7
2015	34.6
Thereafter	167.3
Total estimated amortization expense	$346.1

Note 4: New Accounting Pronouncements Adopted

Adoption of Accounting Standards Update No. 2010-17, "Revenue Recognition—Milestone Method"

In April 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-17, "Revenue Recognition—Milestone Method," which is included in ASC 605—Milestone Method of Revenue Recognition. This ASU codifies the consensus reached in Emerging Issues Task Force 08-09, "Milestone Method of Revenue Recognition," and addresses the accounting when entities enter into revenue arrangements with multiple payment streams for a single deliverable or a single unit of accounting. The pronouncement shall be applied prospectively to milestones achieved in fiscal years, and interim periods within those years, beginning after June 15, 2010, with earlier application and retrospective application permitted. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

Adoption of ASU No. 2010-29, "Business Combinations (Topic 805): Improving Disclosures about Fair Value Measurements

In December 2010, the FASB issued ASU 2010-29, Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements; however, the Company will have additional disclosure requirements related to its current and future acquisitions.

Note 5: Restructuring, Asset Impairments and Other, Net

The activity related to the Company's restructuring, asset impairments and other, net for programs that were either initiated in 2011 or had not been completed as of December 31, 2010, are as follows:

Restructuring Activities Related to the 2011 Acquisition of SANYO Semiconductor

In January 2011, the Company acquired SANYO Semiconductor and announced plans to integrate and restructure the overlapping operations of SANYO Semiconductor and the Company, in part, for cost savings purposes (See Note 2: "Acquisitions" for further discussion). As part of these plans, one factory is being consolidated into other existing factories. During the first quarter of 2011, a total of 280 employees were terminated and the Company recorded employee separation charges of approximately $8.4 million related to these terminations. These charges have been included in restructuring, asset impairment and other, net on the consolidated statement of operations for the quarter ended April 1, 2011.

Additionally, during the quarter ended April 1, 2011, the Company recorded exit costs of approximately $1.5 million, related to termination of certain leases, purchase agreements, and items relating to the consolidation of factories.

While the Company has the intention of consolidating the front end manufacturing processes of SANYO Semiconductor with those of the Company over the next 12 to 18 months, the anticipated consolidation and associated costs are still being evaluated. If the Company does proceed with the consolidation, it is likely the Company will incur significant expenses to complete these activities.

	December 31, 2010	Charges	Usage	Adjustments	April 1, 2011
Estimated employee separation costs:					
December 31, 2010 through April 1, 2011	$ —	$ 8.4	$(8.4)	$ —	$ —
Estimated costs to exit:					
December 31, 2010 through April 1, 2011	$ —	$ 1.5	$(1.5)	$ —	$ —

Restructuring Activities Related to the 2010 Acquisition of California Micro Devices Corporation ("CMD")

Cumulative charges of $3.6 million, net of adjustments, have been recognized through April 1, 2011, related to the January 2010 announced plans to integrate and restructure the overlapping operations of the CMD business and the Company, in part for cost savings purposes.

Cumulative employee separation charges of $3.5 million, net of adjustments, have been recognized through April 1, 2011. A total of 27 employees, including five former executive officers of CMD, were notified during 2010 that their positions were being eliminated or consolidated, all of which have been terminated. All terminations associated with this plan had been completed by the end of the fourth quarter of fiscal 2010, with the related termination benefits anticipated to be paid out by the end of the first quarter of fiscal 2012.

Cumulative exit costs of $0.1 million have been recognized from the inception of this restructuring activity through April 1, 2011, related to charges incurred to terminate certain lease agreements. All payments related to these exit activities are expected to be completed by the end of the third quarter of fiscal 2011.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
December 31, 2010 through April 1, 2011	$ 1.0	$ —	$(0.4)	$ —	$ 0.6
Exit Costs:					
December 31, 2010 through April 1, 2011	$ 0.1	$ —	$—	$ —	$ 0.1

Restructuring Activities Related to the 2009 Global Workforce Reduction

Cumulative employee separation charges of $13.0 million, net of adjustments, have been recognized through April 1, 2011, related to the first quarter of 2009 announced plans to reduce worldwide personnel for cost savings purposes. A total of 570 employees were notified during 2009, all of which had been terminated as of December 31, 2010. All terminations associated with this plan were completed by the end of the fourth quarter of 2010, and all related termination benefits had been paid out by the end of the first quarter of 2011.

	Balance at Beginning of Period	Charges	Usage	Adjustments	Balance at End of Period
Cash employee separation charges:					
December 31, 2010 through April 1, 2011	$ 0.2	$ —	$(0.2)	$ —	$ —

Acquisition of AMIS Holdings, Inc. ("AMIS")

On March 17, 2008, the Company completed the purchase of AMIS, whereby AMIS became a wholly-owned subsidiary of the Company.

The Company had $10.0 million of accrued liabilities for estimated costs to exit certain activities of AMIS, of which $0.2 million were for employee separation costs and $9.8 million were for exit costs outstanding as of December 31, 2010. During the three months ended April 1, 2011, the Company paid exit costs associated with the decommissioning costs resulting from the shutdown of a fabrication facility of $0.2 million.

The following is a roll-forward of the accrued liabilities for estimated costs to exit certain activities of AMIS from December 31, 2010 through April 1, 2011:

	December 31, 2010	Usage	Adjustments	April 1, 2011
Estimated employee separation costs:				
December 31, 2010 through April 1, 2011	$ 0.2	$—	$ —	$ 0.2
Estimated costs to exit:				
December 31, 2010 through April 1, 2011	$ 9.8	$(0.2)	$ —	$ 9.6

Other

During the quarter ended April 1, 2011, the Company recorded $2.5 million of other costs associated with damaged inventory and other assets due to the Japanese earthquake and tsunami.

A reconciliation of the activity in the tables above to the "Restructuring, asset impairments and other, net" caption on the consolidated statement of operations for the quarter ended April 1, 2011, is as follows (in millions):

	Quarter Ended April 1, 2011
Restructuring	
2011 Charges:	
Cash employee separation charges	$ 8.4
Exit costs	1.5
Other	
Assets damaged related to Japanese earthquake	2.5
	$ 12.4

Note 6: Balance Sheet Information

	April 1, 2011	December 31, 2010
Receivables, net:		
Accounts receivable	$ 583.9	$ 301.9
Less: Allowance for doubtful accounts	(7.6)	(7.3)
	$ 576.3	$ 294.6
Inventories:		
Raw materials	$ 68.7	$ 49.0
Work in process	435.1	210.9
Finished goods	263.7	100.9
	$ 767.5	$ 360.8
Other Current Assets:		
Deposits	$ 14.6	$ 1.9
Prepaid Expenses	23.1	22.2
Tax Receivables	20.4	14.9
Favorable supply agreement from SANYO Electric	30.0	—
Miscellaneous Current Assets	17.1	14.3
Other	16.5	10.3
	$ 121.7	$ 63.6
Property, plant and equipment, net:		
Land	$ 84.6	$ 48.3
Buildings	533.4	484.4
Machinery and equipment	1,787.5	1,631.1
Total property, plant and equipment	2,405.5	2,163.8
Less: Accumulated depreciation	(1,344.2)	(1,299.5)
	$ 1,061.3	$ 864.3
Accrued expenses:		
Accrued payroll	$ 94.4	$ 73.1
Sales related reserves	41.1	36.5
Restructuring reserves	10.5	11.3
Accrued pension liability	0.6	0.3
Other	50.9	41.4
	$ 197.5	$ 162.6
Accumulated other comprehensive loss:		
Foreign currency translation adjustments	$ (58.4)	$ (58.8)
Unrecognized prior service cost of defined benefit pension plan	(0.1)	(0.1)
Prior service cost from pension legal plan amendment	(0.2)	(0.2)
	$ (58.7)	$ (59.1)

The activity related to the Company's warranty reserves for the three months ended April 1, 2011 and April 2, 2010, respectively is as follows (in millions):

	Quarter Ended	
	April 1, 2011	April 2, 2010
Beginning Balance	$ 3.3	$ 3.2
Provision	0.6	—
Usage	—	(0.2)
Ending Balance	$ 3.9	$ 3.0

The Company maintains defined benefits plans for some of its foreign subsidiaries. The Company recognizes the aggregate amount of all overfunded plans as an assets and the aggregate amount of all underfunded plans as a liability in its financial statements. As of April 1, 2011, the total accrued pension liability for underfunded plans is $ 75.8 million. Included in this amount is $50.5 million for the SANYO Semiconductor portion of the underfunded pension liability which is being assumed by the Company, with the current portion of $0.6 million being classified as accrued expenses. As of December 31, 2010, the total accrued pension liability for underfunded plans was $22.7 million, of which the current portion of $0.3 million was classified as accrued expenses. As of April 1, 2011 and December 31, 2010, the total pension asset for overfunded plans was $12.8 million and $13.4 million, respectively. The components of the Company's net periodic pension expense for the quarter ended April 1, 2011 and April 2, 2010 are as follows (in millions):

	Quarter Ended	
	April 1, 2011	April 2, 2010
Service Cost	$ 2.3	$ 1.0
Interest cost	1.3	0.8
Expected return on plan assets	(1.0)	(0.8)
Amortization of prior service cost	0.1	0.1
Total net periodic pension cost	$ 2.7	$ 1.1

As of April 1, 2011, the estimated liabilities associated with the Company's intent to withdraw from certain SANYO Electric multiemployer defined benefit pension plans were $134.8 million. During the quarter ended April 1, 2011, the Company recorded $2.9 million of expense associated with the Company's participation in the SANYO Electric multiemployer pension plans.

Note 7: Long-Term Debt

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

	April 1, 2011	December 31, 2010
U.S. real estate mortgages payable monthly thru Q1 2016 at an average rate of 4.857%	32.7	33.0
Loan with Japanese company due 2011 through 2018, interest payable quarterly at 2.0545%	368.1	—
Zero Coupon Convertible Senior Subordinated Notes due 2024 (1)	89.1	87.5
1.875% Convertible Senior Subordinated Notes due 2025 (2)	83.7	82.2
2.625% Convertible Senior Subordinated Notes due 2026 (3)	415.6	410.1
Loan with British finance company, interest payable monthly at 2.12291% and 2.18%, respectively	22.1	13.8
Loan with Hong Kong bank, interest payable weekly at 2.04% and 2.0325%, respectively	40.0	40.0
Loans with Philippine banks due 2011 through 2015, interest payable quarterly at an average rate of 1.82179% and 1.80446%, respectively	66.2	68.8
Loans with Chinese banks due 2011 through 2013, interest payable quarterly at an average rate of 4.16629% and 4.23375%, respectively	34.0	34.0
Loans with Japanese banks due 2011 through 2013, interest payable monthly and semi-annually at an average rate of 1.5% and 1.44545%, respectively	6.7	3.9
Capital lease obligations	113.8	115.5
	1,272.0	888.8
Less: Current maturities	(176.8)	(136.0)
	$1,095.2	$ 752.8

(1) The Zero Coupon Convertible Senior Subordinated Notes due 2024 may be put back to the Company at the option of the holders of the notes on April 15 of 2012, 2014 and 2019 or called at the option of the Company on or after April 15, 2012.
(2) The 1.875% Convertible Senior Subordinated Notes due 2025 may be put back to the Company at the option of the holders of the notes on December 15 of 2012, 2015 and 2020 or called at the option of the Company on or after December 20, 2012.
(3) The 2.625% Convertible Senior Subordinated Notes due 2026 may be put back to the Company at the option of the holders of the notes on December 15 of 2013, 2016 and 2021 or called at the option of the Company on or after December 20, 2013.

Annual maturities relating to the Company's long-term debt as of April 1, 2011 are as follows (in millions):

	Actual Maturities
Remainder 2011	$154.5
2012	264.4
2013	505.6
2014	70.2
2015	41.4
Thereafter	235.9
Total	$ 1,272.0

Acquisition Note Payable to SANYO Electric

In January 2011, SCI LLC, as borrower, and the Company, as guarantor, entered into a seven-year, unsecured loan agreement with SANYO Electric to finance a portion of the purchase price of the SANYO Semiconductor acquisition. The loan had an original principal amount of approximately $377.5 million and has a principal balance of $368.1 million as of April 1, 2011, bears interest at a rate of 3-month U.S. Dollar LIBOR plus 1.75% per annum, and provides for quarterly interest and $9.4 million in principal payments, with the unpaid balance of $122.7 million due at the January 2, 2018 maturity date.

January 2011 Japanese Loan

As part of the acquisition of SANYO Semiconductor, one of the Company's newly acquired Japanese subsidiaries has continued with its existing five-year loan agreement with a Japanese bank (450 million JPY principal) to finance capital equipment purchases. The loan, which had a balance of $2.7 million at April 1, 2011 (225 million JPY principal), bears interest at an annual rate of 1-month Tokyo Interbank Offered Rate ("TIBOR") plus 1.4% per annum and requires monthly principal payments through September 2013 of approximately $0.1 million (7.5 million JPY principal) along with accrued interest.

March 2011 Chinese Loans

In March 2011, one of the Company's Chinese subsidiaries entered into a two year loan agreement with a Chinese bank to finance the purchase of raw materials. The loan which has a balance of $7.0 million as of April 1, 2011, bears interest payable quarterly in arrears based on variable 3-month LIBOR plus 3.80% per annum.

Debt Guarantees

ON Semiconductor 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 "Convertible Notes"). ON Semiconductor's domestic subsidiaries, except those domestic subsidiaries acquired through the acquisitions of AMIS, Catalyst Semiconductor, Inc. ("Catalyst"), PulseCore Holdings (Cayman) Inc. ("PulseCore"), CMD, Sound Design Technologies Ltd. ("SDT"), and SANYO Semiconductor (collectively, the "Guarantor Subsidiaries"), fully and unconditionally guarantee on a joint and several basis ON Semiconductor's obligations under the Convertible 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. ON Semiconductor's other remaining subsidiaries (collectively, the "Non-Guarantor Subsidiaries") are not guarantors of the Convertible Notes. The repayment of the unsecured Convertible Notes is subordinated to the senior indebtedness of ON Semiconductor and the Guarantor Subsidiaries on the terms described in the indentures for such Convertible Notes. Condensed consolidated financial information for the issuer of the Convertible Notes, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries is as follows (in millions):

	Issuer	Guarantor				
	ON Semiconductor Corporation [1]	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
As of April 1, 2011						
Cash and cash equivalents	$ —	$ 430.6	$ (0.2)	$ 335.6	$ —	$ 766.0
Receivables, net	—	54.9	—	521.4	—	576.3
Inventories,	—	48.0	—	714.8	4.7	767.5
Other current assets	—	28.0	—	93.7	—	121.7
Deferred income taxes, net of allowances	—	5.6	—	10.8	—	16.4
Total current assets	—	567.1	(0.2)	1,676.3	4.7	2,247.9
Property, plant and equipment, net	—	239.4	2.5	822.6	(3.2)	1,061.3
Deferred income taxes, net of allowances	—	—	—	62.3	—	62.3
Goodwill and other intangible assets	—	292.1	37.2	273.8	(33.2)	569.9
Investments and other assets	2,080.0	1,428.8	53.2	846.7	(4,333.3)	75.4
Total assets	$ 2,080.0	$2,527.4	$ 92.7	$ 3,681.7	$ (4,365.0)	$4,016.8
Accounts payable	$ —	$ 43.8	$ 0.2	$ 483.8	$ —	$ 527.8
Accrued expenses and other current liabilities	4.3	137.7	0.9	241.4	1.7	386.0
Deferred income tax, net of allowances	—	—	—	62.8	—	62.8
Deferred income on sales to distributors	—	36.3	—	133.2	—	169.5
Total current liabilities	4.3	217.8	1.1	921.2	1.7	1,146.1
Long-term debt	588.4	429.0	—	77.8	—	1,095.2
Other long-term liabilities	—	25.8	0.4	218.0	—	244.2
Deferred income tax, net of allowances	—	5.6	—	16.0	—	21.6
Intercompany	0.3	(378.0)	(50.0)	222.2	205.5	—
Total liabilities	593.0	300.2	(48.5)	1,455.2	207.2	2,507.1
Total ON Semiconductor Corporation stockholders' equity (deficit)	1,487.0	2,227.2	141.2	2,226.5	(4,594.9)	1,487.0
Minority interests in consolidated subsidiaries	—	—	—	—	22.7	22.7
Total stockholders' equity	1,487.0	2,227.2	141.2	2,226.5	(4,572.2)	1,509.7
Total liabilities and stockholders' equity	$ 2,080.0	$2,527.4	$ 92.7	$ 3,681.7	$ (4,365.0)	$4,016.8

	Issuer	Guarantor				
	ON Semiconductor Corporation (1)	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
As of April 2, 2010						
Cash and cash equivalents	$ —	$ 189.1	$ —	$ 371.6	$ —	$ 560.7
Receivables, net	—	46.6	—	252.3	—	298.9
Inventories, net	—	43.2	—	253.1	1.3	297.6
Other current assets	—	6.7	—	41.7	—	48.4
Deferred income taxes, net of allowances	—	5.5	—	9.1	—	14.6
Total current assets	—	291.1	—	927.8	1.3	1,220.2
Property, plant and equipment, net	—	165.3	2.7	577.4	(3.8)	741.6
Deferred income taxes	—	—	—	—		—
Goodwill and other intangible assets	—	192.7	37.2	329.8	(37.4)	522.3
Investments and other assets	1,643.1	1,368.7	47.3	26.0	(3,023.4)	61.7
Total assets	$ 1,643.1	$2,017.8	$ 87.2	$ 1,861.0	$ (3,063.3)	$2,545.8
Accounts payable	$ —	$ 33.6	$ 0.1	$ 171.0	$ —	$ 204.7
Accrued expenses and other current liabilities	7.5	74.7	0.9	175.6	1.7	260.4
Deferred income on sales to distributors	—	27.3	—	81.8	—	109.1
Total current liabilities	7.5	135.6	1.0	428.4	1.7	574.2
Long-term debt	567.9	208.9	—	46.7	—	823.5
Other long-term liabilities	—	18.7	0.3	26.0	—	45.0
Deferred income taxes, net of allowances	—	6.3	—	9.1		15.4
Intercompany	0.3	(142.7)	(48.9)	(14.2)	205.5	—
Total liabilities	575.7	226.8	(47.6)	496.0	207.2	1,458.1
Total ON Semiconductor Corporation stockholders' equity (deficit)	1,067.4	1,791.0	134.8	1,365.0	(3,290.8)	1,067.4
Minority interests in consolidated subsidiaries	—	—	—	—	20.3	20.3
Total stockholders' equity	1,067.4	1,791.0	134.8	1,365.0	(3,270.5)	1,087.7
Total liabilities and stockholders' equity	$ 1,643.1	$2,017.8	$ 87.2	$ 1,861.0	$ (3,063.3)	$2,545.8

	Issuers	Guarantor Subsidiaries				
	ON Semiconductor Corporation [1]	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
For the quarter ended April 1, 2011						
Revenues	$ —	$ 208.6	$ —	$ 1,003.1	$ (341.1)	$870.6
Cost of revenues	—	154.9	0.3	805.9	(332.9)	628.2
Gross profit	—	53.7	(0.3)	197.2	(8.2)	242.4
Research and development	—	59.3	3.0	28.8	—	91.1
Selling and marketing	—	21.4	0.3	27.7	—	49.4
General and administrative	—	27.4	0.2	19.5	—	47.1
Amortization of acquisition related intangible assets	—	4.4	—	6.3	(1.0)	9.7
Restructuring, asset impairments and other, net	—	—	—	12.4	—	12.4
Total operating expenses	—	112.5	3.5	94.7	(1.0)	209.7
Operating income (loss)	—	(58.8)	(3.8)	102.5	(7.2)	32.7
Interest expense, net	(12.9)	(2.1)	—	(2.5)	—	(17.5)
Other	—	4.1	—	(4.3)	—	(0.2)
Gain (loss) on acquisition	—	61.4	—	(.1)	—	61.3
Equity in earnings	87.7	42.6	1.7	—	(132.0)	—
Income (loss) before income taxes and minority interests	74.8	47.2	(2.1)	95.6	(139.2)	76.3
Income tax provision	—	12.2	—	(13.0)	—	(0.8)
Minority interests	—	—	—	—	(0.7)	(0.7)
Net income (loss)	74.8	59.4	(2.1)	82.6	(139.9)	74.8
Net income (loss) attributable to minority interest	—	—	—	—	—	—
Net income (loss) attributable to ON Semiconductor Corporation	$ 74.8	$ 59.4	$ (2.1)	$ 82.6	$ (139.9)	$ 74.8
Net cash provided by operating activities	$ —	$ 69.3	$ (0.1)	$ 56.4	$ —	$125.6
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(20.9)	(0.1)	(67.7)	—	(88.7)
Purchase of a business, net of cash acquired	—	53.0	—	(110.6)	—	(57.6)
Increase in restricted cash	—	142.1	—	—	—	142.1
Net cash used in investing activities	—	174.2	(0.1)	(178.3)	—	(4.2)
Cash flows from financing activities:						
Intercompany loans	—	(375.1)	—	375.1	—	—
Intercompany loan repayments	—	144.8	—	(144.8)	—	—
Proceeds from debt issuance	—	—	—	15.2		15.2
Proceeds from issuance of common stock under the employee stock purchase plan	—	1.9	—	—	—	1.9
Proceeds from exercise of stock options		41.1	—	—	—	41.1
Repurchase of Treasury Stock	—	(7.6)	—	—	—	(7.6)
Payment of capital lease obligation	—	(10.0)	—	0.1	—	(9.9)
Repayment of long term debt	—	(0.3)	—	(19.3)	—	(19.6)
Net cash used in financing activities	—	(205.2)	—	226.3	—	21.1
Effect of exchange rate changes on cash and cash equivalents	—	—	—	0.2	—	0.2
Net increase (decrease) in cash and cash equivalents	—	38.3	(0.2)	104.6	—	142.7
Cash and cash equivalents, beginning of period	—	392.3	—	231.0	—	623.3
Cash and cash equivalents, end of period	$ —	$ 430.6	$ (0.2)	$ 335.6	$ —	$766.0

	Issuers	Guarantor Subsidiaries				
	ON Semiconductor Corporation (1)	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
For the quarter ended April 2, 2010						
Revenues	$ —	$ 172.1	$ —	$ 691.3	$ (313.2)	$550.2
Cost of revenues	—	112.0	0.7	518.7	(309.3)	322.1
Gross profit	—	60.1	(0.7)	172.6	(3.9)	228.1
Research and development	—	13.2	2.5	49.5	—	65.2
Selling and marketing	—	14.6	0.2	20.8	—	35.6
General and administrative	—	2.3	0.2	29.0	—	31.5
Amortization of acquisition related intangible assets	—	4.0	—	4.8	(1.0)	7.8
Restructuring, asset impairments and other, net	—	—	—	3.8	—	3.8
Total operating expenses	—	34.1	2.9	107.9	(1.0)	143.9
Operating income (loss)	—	26.0	(3.6)	64.7	(2.9)	84.2
Interest expense, net	(13.1)	(2.8)	—	(0.4)	—	(16.3)
Other	—	0.8	—	(3.6)	—	(2.8)
Equity in earnings	76.1	43.3	1.5	—	(120.9)	—
Income (loss) before income taxes and minority interests	63.0	67.3	(2.1)	60.7	(123.8)	65.1
Income tax provision	—	5.3	—	(6.7)	—	(1.4)
Net income (loss)	63.0	72.6	(2.1)	54.0	(123.8)	63.7
Net income (loss) attributable to minority interest	—	—	—	—	(0.7)	(0.7)
Net income (loss) attributable to ON Semiconductor Corporation	$ 63.0	$ 72.6	$ (2.1)	$ 54.0	$ (124.5)	$ 63.0
Net cash provided by operating activities	$ —	$ 34.9	$ —	$ 74.6	$ —	$109.5
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(15.1)	—	(25.9)	—	(41.0)
Funds deposited for purchases of property, plant and equipment	—	—	—	(0.9)	—	(0.9)
Proceeds from sales of held-to-maturity securities	—	—	—	45.5	—	45.5
Purchase of a business, net of cash acquired	—	—	—	(66.8)	—	(66.8)
Proceeds from sales of property, plant and equipment	—	—	—	—	—	—
Net cash used in investing activities	—	(15.1)	—	(48.1)	—	(63.2)
Cash flows from financing activities:						
Intercompany loans	—	(239.3)	—	239.3	—	—
Intercompany loan repayments	—	128.8	—	(128.8)	—	—
Proceeds from debt issuance	—	—	—	0.2		0.2
Proceeds from issuance of common stock under the employee stock purchase plan	—	1.6	—	—	—	1.6
Proceeds from exercise of stock options		4.5	—	—	—	4.5
Repurchase of Treasury Stock	—	(3.8)	—	—	—	(3.8)
Payment of capital lease obligation	—	(8.0)	—	(1.2)	—	(9.2)
Repayment of long term debt	—	(0.5)	—	(3.9)	—	(4.4)
Net cash used in financing activities	—	(116.7)	—	105.6	—	(11.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(0.2)	—	(0.2)
Net increase (decrease) in cash and cash equivalents	—	(96.9)	—	131.9	—	35.0
Cash and cash equivalents, beginning of period	—	286.0	—	239.7	—	525.7
Cash and cash equivalents, end of period	$ —	$ 189.1	$ —	$ 371.6	$ —	$560.7

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

See also Note 10: “Commitments and Contingencies—Other Contingencies” for further discussion of the Company’s guarantees.

Note 8: Equity

Income per share calculations for the quarter ended April 1, 2011 and April 2, 2010, respectively, are as follows (in millions, except per share data):

	Quarter Ended	
	April 1, 2011	April 2, 2010
Net income applicable to ON Semiconductor Corporation	$ 74.8	$ 63.0
Basic weighted average common shares outstanding	441.4	428.1
Add: Incremental shares for:		
Dilutive effect of stock options	10.8	11.0
1.875% convertible senior subordinated notes	3.8	1.8
Diluted weighted average common shares outstanding	456.0	440.9
Income per common share attributable to ON Semiconductor Corporation		
Basic:	$ 0.17	$ 0.15
Diluted:	$ 0.16	$ 0.14

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 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 were excluded from the diluted earnings per share calculation. The excluded option shares were 6.1 million and 13.7 million for the quarters ended April 1, 2011 and April 2, 2010, respectively.

For the quarters ended April 1, 2011 and April 2, 2010, the assumed conversion of the Zero Coupon Convertible Senior Subordinated Notes due 2024 was also excluded in determining diluted net income per share. The Zero Coupon Convertible Senior Subordinated Notes were convertible into cash up to the par value of $96.2 million and $99.4 million, based on a conversion price of $9.82 per share at April 1, 2011 and April 2, 2010, respectively. The excess of fair value over par value is convertible into stock. On April 1, 2011 and April 2, 2010, 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 1, 2011 and April 2, 2010, 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. On April 1, 2011 and April 2, 2010, 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 1, 2011, 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. Shares withheld upon the vesting of restricted stock units to pay applicable employee withholding taxes are considered common stock repurchases. Upon vesting, the Company currently does not collect the applicable employee withholding taxes from employees. Instead, the Company automatically withholds, from the restricted stock units that vest, the portion of those shares with a fair market value equal to the amount of the employee withholding taxes due, which is accounted for as a repurchase of common stock. The Company then pays the applicable withholding taxes in cash. The amounts remitted in the quarter ended April 1, 2011 were $7.6 million for which the Company withheld 695,376 shares of common stock that were underlying the restricted stock units that vested. None of these shares had been reissued or retired as of April 1, 2011, but may be reissued or retired by the Company at a later date.

At December 31, 2010, the minority interest balance was $22.0 million. This balance increased to $22.7 million at April 1, 2011, due to the minority interest's $0.7 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 1, 2011.

At December 31, 2009, the minority interest balance was $19.6 million. This balance increased to $20.3 million at April 2, 2010 due to the minority interest's $0.7 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 2, 2010.

Note 9: Employee Stock Benefit Plans

At December 31, 2010, there was an aggregate of 24.4 million shares of common stock available for grant under the Company's Amended and Restated Stock Incentive Plan ("Plan"). At April 1, 2011, there was an aggregate of 18.8 million shares of common stock available for grant under the Company's Plan.

Stock Options

The weighted-average estimated fair value of stock options granted during the quarters ended April 1, 2011 and April 2, 2010 was $4.22 per share and $3.55 per share, respectively. The weighted-average assumptions associated with the stock options granted during the periods are as follows:

	Quarter Ended	
	April 1, 2011	April 2, 2010
Volatility	41.0%	44.1%
Risk-free interest rate	2.1%	2.5%
Expected term	4.9 years	5.6 years

Pre-vesting forfeitures were estimated to be approximately 12% for the quarter ended April 1, 2011, and 12% for the quarter ended April 2, 2010, based on historical experience.

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

	Quarter Ended April 1, 2011			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (In-The-Money)
Outstanding at December 31, 2010	27.4	$ 7.44		
Granted	0.2	10.97		
Exercised	(5.8)	7.05		
Cancellations	(0.2)	7.15		
Outstanding at April 1, 2011	21.6	$ 7.58	4.9	$ 53.6
Exercisable at April 1, 2011	16.8	$ 7.64	4.3	$ 41.7

Additional information about stock options outstanding at April 1, 2011 with exercise prices less than or above $9.76 per share, the closing price of the Company's common stock at April 1, 2011, is as follows (number of shares in millions):

	Exercisable		Unexercisable		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 $9.76	13.5	$ 6.67	3.9	$ 6.73	17.4	$ 6.68
Above $9.76	3.3	11.57	0.9	10.32	4.2	11.32
Total outstanding	16.8	$ 7.64	4.8	$ 7.36	21.6	$ 7.58

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 common 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 1, 2011, and changes during the three months ended April 1, 2011 (number of shares in millions):

	Quarter Ended April 1, 2011	
	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested shares of restricted stock units at December 31, 2010	12.3	$ 5.19
Granted	3.8	10.71
Released	(2.2)	5.52
Forfeited	(0.3)	6.18
Nonvested shares of restricted stock units at April 1, 2011	13.6	$ 6.65

Stock Grant Awards

During the three months ended April 1, 2011, the Company granted 0.04 million shares in stock grant awards with a weighted average grant date fair value of $10.71 per share to non-executive members of the Board of Directors. The awards vested and shares of common stock were issued immediately upon the effective date of the grant.

Employee Stock Purchase Plans

As of April 1, 2011, there were 5.0 million shares available for issuance under the 2000 Employee Stock Purchase Plan ("ESPP"). The weighted-average fair value of shares issued under the ESPP during the quarter ended April 1, 2011 and April 2, 2010 were $2.03 per share and $2.12 per share, respectively. The weighted-average assumptions used in the pricing model are as follows:

Employee Stock Purchase Plan	Quarter Ended April 1, 2011	Quarter Ended April 2, 2010
Expected life (in years)	0.25	0.25
Risk-free interest rate	0.1%	0.1%
Volatility	28.0%	46.0%

Share-Based Compensation Expense

Total share-based compensation expense, related to the Company's stock options, restricted stock units, restricted stock awards, stock grant awards, and employee stock purchase plan, recognized for the quarter ended April 1, 2011 and April 2, 2010 was comprised as follows (in millions):

	Quarter Ended	
	April 1, 2011	April 2, 2010
Cost of revenues	$ 1.9	$ 3.3
Research and development	2.0	2.5
Selling and marketing	1.9	2.6
General and administrative	4.6	5.3
Share-based compensation expense before income taxes	$ 10.4	$ 13.7
Related income tax benefits (1)	—	—
Share-based compensation expense, net of taxes	$ 10.4	$ 13.7

(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 tax benefits are recorded.

At April 1, 2011, total unrecognized share-based compensation expense, net of estimated forfeitures, related to non-vested stock options and non-vested restricted stock units granted prior to that date was $10.4 million and $44.8 million, respectively. The total intrinsic value of stock options exercised during the quarter ended April 1, 2011 was $23.5 million. The Company recorded cash received from the exercise of stock options of $41.1 million and cash from issuance of shares under the ESPP of $1.9 million and recorded no related tax benefits during the quarter ended April 1, 2011. The Company issues new shares of stock upon the exercise of stock options, restricted stock units vesting and the completion of a purchase under the ESPP.

Note 10: Commitments and Contingencies

Leases

The following is a schedule by year of future minimum lease obligations under non-cancelable operating leases as of April 1, 2011 (in millions):

Remainder of 2011	$ 14.1
2012	17.6
2013	15.4
2014	14.3
2015	13.6
Thereafter	29.0
Total (1)	$104.0

(1) Minimum payments have not been reduced by minimum sublease rentals of $0.1 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, Inc. ("Motorola"), and now Freescale Semiconductor, Inc. ("Freescale") have been 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 August 4, 1999 recapitalization, Motorola has retained responsibility for this contamination, and Motorola and Freescale have agreed to indemnify the Company with respect to remediation costs and other costs or liabilities related to this matter.

In the Czech Republic the Company has ongoing remediation projects to respond to releases of hazardous substances that occurred during the years that this facility was operated by government-owned entities. In each case, the remediation project consists 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 government of the Czech Republic has 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 is located on 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. The Company has not offset the receivable from Nippon Mining's subsidiary against the estimated liability on the consolidated balance sheet. Therefore, a receivable from Nippon Mining's subsidiary is recorded on the accompanying consolidated balance sheet as of April 1, 2011 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 flow.

A bank guarantee issued on behalf of the Company under a non-reusable commitment credit with the bank has an outstanding amount of $4.0 million as of April 1, 2011. The Belgian bank that issued the guarantee has the right to create a mortgage on the real property of one of the Company's European subsidiaries in the amount of $3.0 million but had not done so as of April 1, 2011. The Company also has outstanding guarantees and letters of credit outside of its non-reusable commitment credit totaling $9.2 million as of April 1, 2011.

As part of securing financing in the normal course of business, the Company issued guarantees related to its capital lease obligations and real estate mortgages which totaled approximately $141.1 million as of April 1, 2011. For its operating leases, the Company expects to make cash payments and similarly incur expenses totaling $104.0 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 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 customer for valid warranty claims.

The Company has, from time to time, been active in merger and acquisition activity. In connection with these mergers or acquisitions, the Company has agreed to indemnify the other party or parties to the merger or acquisition agreement 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 is currently 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, the Company was named as a defendant in three shareholder class action lawsuits that were filed in federal court in New York City against it and certain of the Company's former officers, current and former directors and the underwriters of the Company's 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 its 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 its 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 the Company.

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 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 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 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 had 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. On June 9, 2009, the District Court preliminarily approved the proposed global settlement. Notice was provided to the class, and a settlement fairness hearing, at which members of the class had an opportunity to object to the proposed settlement, was held on September 10, 2009. On October 6, 2009, the District Court issued an order granting final approval to the settlement. Ten appeals were filed objecting to the definition of the settlement class and fairness of the settlement, five of which have been dismissed with prejudice. Two appeal briefs have been filed by the remaining objector groups, and those appeals remain pending. 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 settlement, the Company's insurers are to pay the full amount of the 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, is to receive complete dismissal from the case. While the Company can make no assurances or guarantees as to the outcome of these proceedings, based upon its current knowledge, 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 its products or components breach another party's rights. These threats may seek that the Company make royalty payments, that it stop use of such rights, or other remedies.

Prior to the acquisition of AMIS by the Company 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 (including Synopsys, Inc. ("Synopsys")), alleging infringement of a patent owned by Ricoh. AMIS promptly tendered the defense of this claim to Synopsys, and Synopsys agreed to assume the defense of the case on AMIS' behalf to the extent that the Synopsys software that AMIS licensed from Synopsys is alleged to constitute the basis of Ricoh's claim of infringement. 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 before the U.S. Patent & Trademark Office ("PTO") challenging the validity of the patent claims at issue in this case. Since that time, Synopsys filed a total of three re-examination petitions with the PTO challenging the validity of the claims at issue. The PTO granted these petitions and consolidated all three re-examinations into one proceeding before a single examiner. The re-examination proceeding was completed in September 2008, and the PTO examiner issued a final rejection of all claims in the asserted patent over prior art. Ricoh has appealed that final rejection to the PTO Board of Appeals, which held a hearing on the appeal on September 29, 2010. The Board of Appeals has yet to issue its written decision on the appeal. In April 2008, the court lifted the stay despite the ongoing re-examination proceeding in the PTO. In September 2008, the court granted defendants' request to refile a summary judgment motion on non-infringement that had been vacated as moot when the stay was imposed in December 2006. On March 6, 2009, the judge issued a ruling denying the summary judgment motion without prejudice because of a factual dispute over a patent claim element. After an exchange of briefs by the parties related to the disputed claim element, the judge held a further hearing on the matter on June 12, 2009. On October 23, 2009, the judge issued his ruling on the disputed claim element. Based on the judge's ruling, Synopsys filed another motion for summary judgment on non-infringement on January 8, 2010. A hearing on that motion was held on March 8, 2010 and on April 14, 2010, the judge granted Synopsys' motion for summary judgment. On April 28, 2010, Ricoh filed a motion for reconsideration on the summary judgment ruling. On May 28, 2010, the judge denied the Ricoh motion and entered final judgment in Synopsys' favor for non-infringement. Ricoh subsequently filed a Notice of Appeal on June 23, 2010 and served its brief on appeal on August 31, 2010. Counsel for Synopsys filed its responsive brief on October 29, 2010. Oral arguments occurred in March 2011 and shortly thereafter the appellate court denied the Ricoh appeal and affirmed the district court holding in Synopsys' favor of non-infringement. 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 or cash flows.

Other Litigation Matter

On December 15, 2010, a lawsuit was filed in the United States District Court for the District of Delaware captioned *Robert A. Lorber v. Francis P. Barton, George H. Cave, Donald A. Colvin, Curtis J. Crawford, Ph.D., Emmanuel T. Hernandez, Phillip D. Hester, Keith D. Jackson, J. Daniel McCranie, Robert Mahoney, W. John Nelson, Daryl Ostrander, Robert H. Smith, and ON Semiconductor Corporation (C.A. No. 1:10-CV-01101-GMS*). The lawsuit was brought by a stockholder of ON Semiconductor Corporation and alleges generally that (1) ON Semiconductor Corporation's 2010 proxy statement contained materially false and misleading information regarding the Company's Amended and Restated Stock Incentive Plan ("Plan") in violation of the federal securities laws; (2) the Plan was defective and, thus, any awards made pursuant to the Plan would not be tax-deductible pursuant to Section 162(m) of the Internal Revenue Code and applicable regulations; and (3) the individual defendants (who are ON Semiconductor Corporation officers and directors) violated their state law fiduciary duties and wasted corporate assets in connection with the adoption of the Plan. The Company has moved to dismiss the lawsuit. The Company denies the substantive allegations made in the lawsuit and intends to vigorously defend against them. While the Company makes no assurances or guarantees as to the outcome of this proceeding, based upon its current knowledge, 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.

See Part I, Item 1 "Business-Government Regulation" of the 2010 Form 10-K for information on certain environmental matters.

Note 11: Fair Value of Financial Instruments

The following table summarizes our financial assets and liabilities measured at fair value on a recurring basis as of April 1, 2011 and December 31, 2010 (in millions):

Description	Balance as of April 1, 2011	Quoted Prices in Active Markets (Level 1)	Balance as of December 31, 2010	Quoted Prices in Active Markets (Level 1)
Assets:				
Cash and cash equivalents:				
Demand and time deposits	$ 437.1	$ 437.1	$ 309.4	$ 309.4
Money market funds	46.1	46.1	46.1	46.1
Treasuries	282.8	282.8	267.8	267.8
Total cash and cash equivalents	$ 766.0	$ 766.0	$ 623.3	$ 623.3
Other Current Assets				
Foreign currency exchange contracts	0.4	0.4	1.1	1.1
Total financial assets	$ 766.4	$ 766.4	$ 624.4	$ 624.4
Liabilities:				
Foreign currency exchange contracts	$ 0.7	$ 0.7	$ 0.6	$ 0.6

The Company's financial assets and liabilities are valued using market prices on active markets (Level 1). Level 1 instrument valuations are obtained from real-time quotes for transactions in active exchange markets involving identical assets. Cash and cash equivalents are short-term, highly liquid investments with original or remaining maturities of three months or less when purchased.

As of April 1, 2011, the Company held no direct investments in auction rate securities, collateralized debt obligations, structured investment vehicles or mortgage-backed securities.

Long-Term Debt, Including Current Portion

The carrying amounts and fair values of the Company's long-term borrowings (excluding capital lease obligations) at April 1, 2011 and December 31, 2010 are as follows (in millions):

	April 1, 2011		December 31, 2010	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion				
Convertible Notes - Level 1	$ 588.4	$ 819.9	$ 579.7	$ 818.0
Long-term debt - Level 3	$ 537.0	$ 499.7	$ 160.7	$ 155.1

The fair value of the Convertible Notes was estimated based on quoted market prices.

The fair value of the long-term debt was estimated based on discounting the par value of the debt over its life for the difference between the debt stated interest rate and current market rates for similar debt at April 1, 2011 and December 31, 2010.

The fair value of Level 3 financial instruments was determined by discounting the remaining payments of the outstanding debt using estimated current rates ranging from 0.93% to 4.11% at April 1, 2011.

Note 12: Segment Information

Revenues, gross profit and operating income for the Company's reportable segments for the three months ended April 1, 2011 and April 2, 2010, respectively, are as follows (in millions):

	Automotive & Power Group	Computing & Consumer Group	Digital, Mixed-Signal and Memory Product Group	Standard Products Group	SANYO Semiconductor Products Group	Total
For quarter ended April 1, 2011:						
Revenues from external customers	$ 147.0	$ 133.3	$ 139.0	$ 173.2	$ 278.1	$870.6
Segment gross profit	$ 55.4	$ 54.4	$ 78.3	$ 66.8	$ 4.4	$259.3
Segment operating income (loss)	$ 22.8	$ 21.1	$ 26.3	$ 45.0	$ (42.8)	$ 72.4
For quarter ended April 2, 2010:						
Revenues from external customers	$ 125.9	$ 124.2	$ 138.6	$ 161.5	$ —	$550.2
Segment gross profit	$ 44.8	$ 52.9	$ 83.2	$ 60.8	$ —	$241.7
Segment operating income (loss)	$ 15.6	$ 20.7	$ 34.2	$ 40.1	$ —	$110.6

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 1, 2011	April 2, 2010
Gross profit for reportable segments	$ 259.3	$ 241.7
Unallocated amounts:		
Other unallocated manufacturing costs	(16.9)	(13.6)
Gross profit	$ 242.4	$ 228.1
Operating income for reportable segments	$ 72.4	$ 110.6
Unallocated amounts:		
Restructuring and other charges	(12.4)	(3.8)
Other unallocated manufacturing costs	(16.9)	(13.6)
Other unallocated operating expenses	(10.4)	(9.0)
Operating income	$ 32.7	$ 84.2

Revenues by geographic location 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 1, 2011	April 2, 2010
United States	$ 127.2	$ 119.2
Other Americas	6.2	1.7
United Kingdom	109.9	93.4
Belgium	0.9	0.1
China	269.9	172.2
Japan	125.4	13.5
Singapore	170.8	130.2
Other Asia/Pacific	60.3	19.4
Other Europe	—	0.5
	$ 870.6	$ 550.2

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

	April 1, 2011	December 31, 2010
United States	$ 241.9	$ 223.7
China	93.5	97.0
Europe	104.1	104.6
Malaysia	143.9	137.4
Other Asia/Pacific	233.3	178.3
Japan	182.7	70.8
Belgium	56.9	47.8
Other Americas	5.0	4.7
	$ 1,061.3	$ 864.3

For the quarter ended April 1, 2011, there was no individual customer which accounted for more than 10% of the Company’s total revenues. For the quarter ended April 2, 2010, one of the Company’s customers accounted for 12% of the Company’s total revenues.

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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 Annual Report on Form 10-K for the fiscal year ended December 31, 2010 ("2010 Form 10-K"), filed with the Securities and Exchange Commission ("the Commission") on February 24, 2011, and our unaudited consolidated financial statements for the fiscal quarter ended April 1, 2011, 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 Part I, Item 1A, "Risk Factors" of our 2010 Form 10-K.

Company Highlights for the Quarter Ended April 1, 2011

- Total revenues of approximately $870.6 million
  - Historical ON Semiconductor revenue of approximately $592.5 million
  - SANYO Semiconductor revenue of approximately $278.1 million
- Net income of $0.16 per fully diluted share
  - Historical ON Semiconductor net income of $0.15 per fully diluted share
  - SANYO Semiconductor net income of $0.01 per fully diluted share

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 revenue growth rate in our total addressable market of approximately 6.4% during 2011 through 2013. These are not our projections and may not be indicative of actual results, but we, like many of our competitors, use this information as helpful, third-party projections and estimates.

Business and Company Overview

We are a premier supplier of high performance, silicon solutions for energy efficient electronics. Our broad portfolio of power and signal management, logic, discrete and custom devices helps customers efficiently solve their design challenges in automotive, communications, computing, consumer, industrial, LED lighting, medical, military/aerospace and power applications. We design, manufacture and market an extensive portfolio of semiconductor components that address 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 types of 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 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 42,000 products and we shipped approximately 10.6 billion units during the first three months of 2011 as compared to approximately 9.1 billion units in the first three months of 2010. 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.

Acquisitions

Acquisition of SANYO Semiconductor Co., Ltd. (“SANYO Semiconductor”)

On January 1, 2011, we completed the purchase of SANYO Semiconductor, a subsidiary of SANYO Electric Co., Ltd. (“SANYO Electric”), and other assets related to SANYO Electric’s semiconductor business. The purchase price, which reflects a $19.0 million purchase price adjustment due from SANYO Electric to us which is subject to future adjustments, totaled $500.6 million and at the time of the acquisition, we paid approximately $142.1 million in cash, with the remaining $377.5 million borrowed by us, through Semiconductor Components Industries, LLC (“SCI LLC”), by issuance of a note payable to SANYO Electric.

We believe that this acquisition will provide us with access to market-leading Japanese and Asian customers, while providing SANYO Semiconductor customers with access to advanced front-end mixed-signal and analog manufacturing, and ultra high volume back-end facilities. Ultimately, we believe that the combination of SANYO Semiconductor operations with our own will provide it with highly complementary products, customers and geographic regions. See Note 2: “Acquisitions,” Note 5: “Restructuring, Asset Impairment and Other, net,” Note 6: “Balance Sheet” and Note 7: “Long-Term Debt” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information about the acquisition of SANYO Semiconductor.

Acquisition of Cypress Semiconductor’s CMOS Image Sensor Business Unit

On February 27, 2011, we completed the purchase of the CMOS Image Sensor Business Unit (“ISBU”) from Cypress Semiconductor Corporation (“Cypress Semiconductor”). The Company paid approximately $34.1 million in cash. The ISBU includes a broad portfolio of high-performance custom and standard CMOS image sensors used in multi-megapixel machine vision, linear and two dimensional (2D) bar code imaging, medical x-ray imaging, biometrics, digital photography and cinematography, and aerospace applications. The acquired products include the VITA, LUPA, STAR and IBIS families, which are well known throughout the industry. See Note 2: “Acquisitions” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information about our ISBU acquisition.

Segments

We are organized into five operating segments, which also represent five reporting segments: automotive and power group, standard products group, computing and consumer products group, digital, mixed-signal and memory products group, and the SANYO Semiconductor products 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	Computing & Consumer Products	Digital, Mixed-Signal and Memory Products	Standard Products	SANYO Semiconductor Products
MOSFETs	DC-DC Conversion	Medical	Bipolar Power	Hyper
Analog Automotive	Analog Switches	Integrated Sensor Products (“ISP”)	Thyristor	Devices
Auto Power	AC-DC Conversion	Military & Aerospace	Small Signal	Hybrid Integrated Circuits
LDO & Vregs	Low Voltage	Mixed Signal ASICs	Zener	Standard
Mixed-Signal Automotive	Standard Logic	Industrial ASSPs	Protection	LSI Products
	Power Switching	High Frequency	Rectifier	Custom
	Signal & Interface	Foundry and Integrated Passive Device Manufacturing Services	Filters	LSI Products
		Memory Products		

Customers

We have approximately 432 direct customers worldwide, and we also service approximately 242 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 Continental Automotive Systems, Panasonic, Delta, Samsung, Hella, LG Electronics, Motorola Mobility, Motorola Solutions, Boston Scientific, Delphi, Huawei Technology, Seagate Technology, Bosch, Sony Ericsson, Siemens, Visteon, Triquint Semiconductor, and Johnson Controls; (2) electronic manufacturing service providers, such as Flextronics, Jabil, Benchmark Electronic, and Sanmina; and (3) global distributors, such as Avnet, World Peace, Arrow, Wintech, Yosun, EBV Elektronik, and Future.

Operating Facilities

We currently have major design operations in Arizona, Rhode Island, Idaho, California, Texas, Oregon, China, Romania, Switzerland, the Czech Republic, Korea, Belgium, Canada, Germany, India, Ireland, and France, and we currently operate manufacturing facilities in Arizona, Oregon, Idaho, Belgium, China, the Czech Republic, Japan, Malaysia, the Philippines, and Thailand.

With the acquisition of SANYO Semiconductor, we have gained various process and packaging capabilities in various sites in Japan as well as back end assembly and test facilities in the Philippines, China, Thailand and Vietnam. We expect to consolidate SANYO Semiconductor’s Japanese manufacturing facilities from five sites down to two sites, resulting in a footprint of roughly 2 million square feet in fabrication space and approximately 0.4 million in assembly and test space. Outside of Japan, we currently own or lease through SANYO Semiconductor and its subsidiaries approximately 2.3 million square feet of production space. Much of the reductions in assembly and test activities in Japan will be transferred into our existing SANYO Semiconductor or other Company facilities. We expect to continue the existing SANYO Semiconductor plan to shutdown the assembly and test production in its Taiwan and Hong Kong manufacturing locations.

New Product Innovation

As a result of the success of our research and development initiatives, excluding the introduction of lead-free products, we introduced 237 new product families in 2010. During the quarter ended April 1, 2011, we introduced an additional 46 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 ourselves for continued growth. As a result, we often invest opportunistically to refresh existing products in our commodity logic, analog, memory 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.

Macroeconomic Environment

We have recognized efficiencies from implemented restructuring activities and programs and continue to implement profitability enhancement programs to improve our cost structure; however, the semiconductor industry has traditionally been highly cyclical and has often experienced significant downturns in connection with, or in anticipation of, declines in general economic conditions. These macroeconomic factors have affected our customers and suppliers which in turn has affected our business, including sales, the collection of receivables, and results of operations. Although we view many of these macroeconomic environment issues as temporary, our continuing outlook for the future will ultimately affect our future emphasis on marketing to various industries, our future research and development efforts into new product lines and our segments in general.

During the first quarter of 2011 we were negatively impacted from reduced production and increased expenses incurred as a result of the Japan earthquake and resulting tsunami. There were production disruptions but only limited physical damage to our Japanese manufacturing facilities post the March 11 Japan earthquake and tsunami. We currently estimate that production disruptions negatively impacted our net income by approximately $10.0 million in the first quarter of 2011. Recovery of operations in Japan is progressing well. Of our six manufacturing facilities in Japan, five are back near full production capacity and the sixth factory is ramping towards full production.

Outlook

Although we cannot fully assess the financial impact at this time of the ongoing events caused from the Japan earthquake and resulting tsunami, we anticipate that there could be a negative impact on our revenues and profits for our business through the third quarter of 2011. For the second quarter of 2011, based on our current assessment, we believe the effects of the earthquake and tsunami could negatively impact our sales by approximately $50.0 million and earnings in excess of $30.0 million. This anticipated impact is already included in our guidance below. Overall, the underlying demand trends around the globe remain strong with the historical ON Semiconductor business expected to grow sequentially in the second quarter.

Despite the headwinds to revenues, gross margins and earnings from increased expenses, supply chain disruptions and reduced production, SANYO Semiconductor should once again be accretive to our second quarter earnings. Longer term, after we begin to see a full recovery and stability in the overall supply chain in Japan, we believe we can improve SANYO Semiconductor's gross margins to be comfortably in the low to mid 30% range.

Our second quarter 2011 outlook includes SANYO Semiconductor. Based upon product booking trends, backlog levels and estimated turns levels, we anticipate that total Company revenues, will be approximately $860.0 million to $900.0 million in the second quarter of 2011. Backlog levels for the second quarter of 2011 represent over 90.0% of our anticipated second quarter 2011 revenues. We estimate average selling prices for the second quarter of 2011 will be flat to down 1.0% compared to the first quarter of 2011. We estimate cash capital expenditures of approximately $80.0 million in the second quarter of 2011. We currently anticipate total capital expenditures for 2011 of approximately $310.0 million to $340.0 million.

For the second quarter of 2011, we estimate gross profit as a percentage of revenues to be approximately 31.0% to 33.0%. This gross margin percentage reflects an expected negative impact of $15.0 million from expensing of appraised inventory fair market value step up and $30.0 million from non-cash manufacturing expenses associated with our acquisitions. The non-cash manufacturing expense will have no further impact on our results after the second quarter of 2011. For the second quarter of 2011, we also expect total operating expenses of approximately $198.0 million to $208.0 million, which includes amortization of acquisition-related intangible assets, restructuring, asset impairments and other charges of approximately $20.0 million.

For the second quarter of 2011, we anticipate interest expense, net of interest income, and other will be approximately $21.0 million, which includes non-cash interest expense of approximately $9.0 million relating to our convertible senior subordinated notes. We estimate that the provision for income taxes will be approximately $8.0 million to $10.0 million in the second quarter of 2011, with cash payments of income taxes of approximately $7.0 million to $9.0 million. We expect cash taxes to decline in the third quarter of 2011 to approximately $4.0 million. We also estimate share-based compensation expense of approximately $14.0 million in the second quarter of 2011, which is included within operating expenses above.

Results of Operations

Quarter Ended April 1, 2011 Compared to Quarter Ended April 2, 2010

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 1, 2011 and April 2, 2010. The amounts in the following table are in millions:

	Quarter ended		
	April 1, 2011	April 2, 2010	Dollar Change
Revenues	870.6	$550.2	$320.4
Cost of revenues	628.2	322.1	306.1
Gross profit	242.4	228.1	14.3
Operating expenses:			
Research and development	91.1	65.2	25.9
Selling and marketing	49.4	35.6	13.8
General and administrative	47.1	31.5	15.6
Amortization of acquisition-related intangible assets	9.7	7.8	1.9
Restructuring, asset impairments and other net	12.4	3.8	8.6
Total operating expenses	209.7	143.9	65.8
Operating income	32.7	84.2	(51.5)
Other income (expenses):			
Interest expense	(17.8)	(16.4)	(1.4)
Interest income	0.3	0.1	0.2
Other	(0.2)	(2.8)	2.6
Gain on SANYO Acquisition	61.3	—	61.3
Other income (expenses), net	43.6	(19.1)	62.7
Income before income taxes and minority interests	76.3	65.1	11.2
Income tax provision	(0.8)	(1.4)	0.6
Net income	75.5	63.7	11.8
Net income attributable to minority interests	(0.7)	(0.7)	—
Net income attributable to ON Semiconductor Corporation	$ 74.8	$ 63.0	$ 11.8

Revenues

Revenues were $870.6 million and $550.2 million during the quarter ended April 1, 2011 and April 2, 2010, respectively. The increase in the first quarter of 2011 as compared to the first quarter of 2010 was primarily due to an increase in volume and mix of 7% combined with increased revenues from our acquisition of SANYO Semiconductor, the ISBU from Cypress Semiconductor, and Sound Design Technologies Ltd. ("SDT") of $299.9 million, or 54%, partially offset by decreases in average selling prices of approximately 1%. The revenues by reportable segment were as follows (dollars in millions):

	Quarter Ended April 1, 2011	As a % of Revenue	Quarter Ended April 2, 2010	As a % of Revenue	Dollar Change	% Change
Automotive and Power Group	$ 147.0	17%	$ 125.9	23%	$ 21.1	17%
Computing & Consumer Group	133.3	15%	124.2	23%	9.1	7%
Digital, Mixed-Signal & Memory Product Group	139.0	16%	138.6	25%	0.4	0%
Standard Products Group	173.2	20%	161.5	29%	11.7	7%
SANYO Semiconductor Products Group	278.1	32%	—	0%	278.1	100%
Total revenues	$ 870.6		$ 550.2		$320.4	

Revenues from the automotive and power group increased $21.1 million, or 17%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase is attributed to increases in revenues from mixed signal automotive products of 20.2%, MOSFETs of 10.7%, analog automotive products of 29.5%, LDO and voltage regulator products of 17.3%, auto power products of 15.8%, and automotive application specific standard products of 10.2%.

Revenues from computing and consumer products increased $9.1 million, or 7%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue is attributed to increases from power switch products of 21.9%, standard logic products of 17.9%, DC-DC conversion products of 43.0%, signal and interface products of 9.0%, partially offset by revenue decreases in low voltage power products of 8.7%, AC-DC conversion products of 6.9%, and analog switches of 28.9%.

Revenues from digital, mixed-signal and memory products increased $0.4 million, or less than one percent, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue is attributed to products related to the acquisition of SDT and the ISBU from Cypress Semiconductor, mixed-signal ASIC of 16.3%, products related to the Catalyst Semiconductor Inc. (“Catalyst”) acquisition of 19.6%, IPD and manufacturing services of 28.4%, and industrial ASSPs products of 28.2%, offset by decreases in revenues related to military and aerospace of 21.6%, foundry services of 29.0%, medical products of 23.4%, PulseCore Holdings (Cayman), Inc. (“PulseCore”) products of 66.9%, high frequency products of 5.9%, and linear light sensor products of 4.5%.

Revenue from standard products increased $11.7 million, or 7%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in revenue is attributed to increases in revenues from small signal products of 8.2%, filters of 16.2%, protection products of 7.4%, zener products of 11.9%, bipolar power products of 16.9%, rectifier products of 0.2%, partially offset by a decrease in revenue related to thyristor products of 13.6%.

Revenues from SANYO Semiconductor products were $278.1 million in the first quarter of 2011. These revenues are the result of our January 1, 2011 SANYO Semiconductor acquisition.

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

	Quarter Ended April 1, 2011	As a % of Revenue	Quarter Ended April 2, 2010	As a % of Revenue
Americas	$ 133.4	15%	$ 120.9	22%
Asia/Pacific	626.3	72%	335.3	61%
Europe	110.9	13%	94.0	17%
Total	$ 870.6	100%	$ 550.2	100%

A majority of our end customers, served directly or through distribution channels, are manufacturers of electronic devices. For the quarter ended April 1, 2011, we had no single customer that accounted for 10 percent of our total revenues. For the quarter ended April 2, 2010, we had one customer that accounted for 12% our total revenues.

Gross Profit

Our gross profit was $242.4 million in the first quarter of 2011 compared to $228.1 million, which included approximately $20.3 million of increased cost of sales associated with the write off of step up in fair market value of inventory related to recent acquisitions in the first quarter of 2010, combined with $50.0 million of expensing of non-cash manufacturer's expenses associated with our SANYO Semiconductor acquisition. As a percentage of revenues, our gross profit was 27.8% in the first quarter of 2011 as compared to 41.5% in the first quarter of 2010.

	Quarter Ended April 1, 2011	As a % of Net Revenue	Quarter Ended April 2, 2010	As a % of Net Revenue	Dollar Change	% Change
Automotive & Power Group	$ 55.4	6.4%	$ 44.8	8.1%	$ 10.6	23.7%
Computing & Consumer Products Group	54.4	6.2%	52.9	9.6%	1.5	2.8%
Digital, Mixed-Signal & Memory Product Group	78.3	9.0%	83.2	14.2%	(4.9)	-5.9%
Standard Products Group	66.8	7.7%	60.8	12.0%	6.0	9.9%
SANYO Semiconductor Products Group	4.4	0.5%	—	0.0%	4.4	N/A
Gross profit by segment	259.3		241.7		$ 17.6	
Unallocated Manufacturing	(16.9)	-1.9%	(13.6)	-2.5%		
Total gross profit	$ 242.4	27.8%	$ 228.1	41.5%		

Gross profit from automotive and power products increased $10.6 million, or 23.7%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in gross margin is attributed to increases in gross profit from LDO and voltage regulator products of 46.1%, MOSFET products of 17.5%, mixed signal automotive products of 20.8%, analog automotive products of 47.7%, offset by decreases in gross margin associated with auto power products of 41.0%, and automotive application specific standard products of 35.7%.

Gross profit from computing and consumer products increased $1.5 million, or 2.8%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in gross margin is attributed to increases in gross profit from power switching products of 19.9%, signal and interface products of 13.8%, DC-DC conversion products of 38.7%, standard logic products of 6.3%, offset by decreases in gross margin in AC-DC conversion products of 20.5%, analog switching products of 40.9%, and low voltage products of 0.1%.

Gross profit from digital, mixed-signal and memory products decreased $4.9 million, or 5.9%, in the first quarter of 2011 as compared to the first quarter of 2010. The decrease in gross margin is attributed to the increase in gross margin from mixed-signal ASIC products of 13.9% along with the increases in gross margin associated with the SDT and the ISBU acquisitions, IPD and manufacturing services of 63.1%, products associated with the Catalyst acquisition of 8.5%, offset by decreases in gross margin from medical products of 35.4%, military and aerospace products of 20.8%, foundry products of 20.8%, products acquired in the PulseCore acquisition of 85.1%, high frequency products of 6.2%, linear light sensor products of 14.2%, and industrial ASSPs products by 3.1%.

Gross profit from standard products increased $6.0 million, or 9.9%, in the first quarter of 2011 as compared to the first quarter of 2010. The increase in gross margin is attributed to the increase in gross margin from small signal products of 38.0%, zener products of 5.4%, protection product of 2.3%, rectifier products of 0.5%, offset by a decrease in gross margin associated with filter products of 1.6%, bipolar power products of 14.8% and thyristor products of 24.5%.

Gross profit from SANYO Semiconductor products was $4.4 million, in the first quarter of 2011. The gross profit includes the impact of approximately $19.3 million of increased cost of sales associated with the write off of step-up in fair market value of inventory and $50.0 million of expensing of non-cash manufacturing expenses associated with our SANYO Semiconductor acquisition. Any future improvement to gross profit will be largely contingent on the execution of our manufacturing consolidation strategy previously discussed.

Operating Expenses

Research and development expenses were $91.1 million in the first quarter of 2011 compared to $65.2 million in the first quarter of 2010, representing an increase of $25.9 million, or 39.7%. Research and development expenses represented 10.5% and 11.8% of revenues for the first quarter of 2011 and the first quarter of 2010, respectively. The increase in research and development expenses was attributable to increased expense associated with on-going research and development activities at SANYO Semiconductor along with an increase in labor cost related to increased head count in the first quarter of 2011 as compared to the first quarter of 2010.

Selling and marketing expenses were $49.4 million in the first quarter of 2011 compared to $35.6 million in the first quarter of 2010, representing an increase of $13.8 million, or 38.8%. Selling and marketing expenses represented 5.7% and 6.5% of revenues for the first quarter of 2011 and the first quarter of 2010, respectively. The increase in selling and marketing expenses was attributable to increased expense associated with the SANYO Semiconductor acquisition along with an increase in labor cost related to increased head count in the first quarter of 2011 as compared to the first quarter of 2010.

General and administrative expenses were $47.1 million in the first quarter of 2011 compared to $31.5 million in the first quarter of 2010, representing an increase of $15.6 million, or 49.5%. General and administrative expenses represented 5.2% and 5.7% of revenues for the first quarter of 2011 and the first quarter of 2010, respectively. The increase in general and administrative expenses was attributable to increased expense associated with the SANYO Semiconductor acquisition along with an increase in labor cost related to increased head count in the first quarter of 2011 as compared to the first quarter of 2010.

Other Operating Expenses—Amortization of Acquisition—Related Intangible Assets

Amortization of acquisition-related intangible assets was $9.7 million and $7.8 million for the quarters ended April 1, 2011 and April 2, 2010, respectively. The increase of $1.9 million from the first quarter of 2010 to 2011 was primarily attributed to amortization of intangible assets associated with our acquisitions of the ISBU from Cypress Semiconductor, SANYO Semiconductor, and SDT.

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

Restructuring, asset impairment and other, net was $12.4 million in the first quarter of 2011 compared to $3.8 million in the first quarter of 2010.

In January 2011, we acquired SANYO Semiconductor and announced plans to integrate the overlapping operations of SANYO Semiconductor and the Company, in part for cost savings purposes. During the quarter ended April 1, 2011, we recorded $8.4 million in charges related to this integration. These charges represent termination benefits for 280 individuals who were terminated during the quarter. Additionally, we recorded exit costs of approximately $1.5 million for items relating to the consolidation of factories. We recorded $2.5 million of other charges relating to damaged inventory and other assets relating to the Japanese earthquake.

During the first quarter of 2010, we agreed to make a $0.8 million cash payment settlement of various litigation matters with the former minority interest shareholders of a Czech subsidiary acquired by the Company. These settlement charges have been included in restructuring, asset impairment and other, net on the consolidated statement of operations for the quarter ended April 2, 2010.

In January 2010, we acquired California Micro Devices Corporation (“CMD”) and announced plans to integrate the overlapping operations of CMD and the Company, in part for cost savings purposes. As part of these plans, certain duplicative positions were eliminated. During the quarter ended April 2, 2010 we recorded $2.6 million of employee separation charges. These termination benefits are for 10 individuals, of which 6 have been terminated as of April 2, 2010. All terminations were completed by the end of fiscal 2010.

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 2, 2010, we recorded an additional employee separation charge of $0.1 million for one employee who was terminated.

In August 2009, we announced plans to reduce the number of design centers for cost savings purposes. During the quarter ended April 2, 2010 we recorded employee separation charges of $0.2 million and $0.1 million of exit costs associated with this activity. These termination benefits were for approximately 16 individuals, of which six had been terminated at the end of the first quarter of 2010. All terminations were completed by the end of the second quarter of 2010.

Operating Income

Information about operating income from our reportable segments for the quarters ended April 1, 2011 and April 2, 2010 is as follows, in millions:

	Automotive & Power Group	Computing & Consumer Group	Digital Mixed-Signal, Memory Product Group	Standard Products Group	SANYO Semiconductor Products Group	Total
For the quarter ended April 1, 2011:						
Segment operating income (loss)	$ 22.8	$ 21.1	$ 26.3	$ 45.0	$ (42.8)	$ 72.4
For the quarter ended April 2, 2010:						
Segment operating income	$ 15.6	$ 20.7	$ 34.2	$ 40.1	$ —	$110.6

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

	Quarter Ended	
	April 1, 2011	April 2, 2010
Operating income for reportable segments	$ 72.4	$ 110.6
Unallocated amounts:		
Restructuring, asset impairments and other charges, net	(12.4)	(3.8)
Other unallocated manufacturing costs	(16.9)	(13.6)
Other unallocated operating expenses	(10.4)	(9.0)
Operating income	$ 32.7	$ 84.2

Interest Expense and Other

Interest expense increased $1.4 million to $17.8 million in the first quarter of 2011 compared to $16.4 million in the first quarter of 2010. We recorded amortization of debt discount to interest expense of $8.7 million and $8.7 million for the quarters ended April 1, 2011 and April 2, 2010, respectively. Our average long-term debt balance (including current maturities and net of debt discount) in the first quarter of 2011 was $1,080.5 million with a weighted average interest rate of 6.6% compared to $934.1 million and a weighted average interest rate of 7.0% in the first quarter of 2010. See “Key Financing Events” below for a description of our refinancing activities.

Gain on SANYO Semiconductor Acquisition

At the time of the SANYO Semiconductor acquisition, the Company believed the transaction would result in a purchase price allocation that would result in goodwill being recognized. As described below, we currently believe that the transaction has created a bargain purchase gain. Because the purchase price of the SANYO Semiconductor acquisition was less than the fair value of the net assets of SANYO Semiconductor, we have now recognized a preliminary gain on the SANYO Semiconductor acquisition of $61.3 million for the quarter ended April 1, 2011. We believe the gain realized in the purchase price allocation was the result of a number of factors, including the following: SANYO Electric wanting to discontinue semiconductor operations, significant losses recognized by SANYO Electric, SANYO Electric viewing this as the best outcome for SANYO Semiconductor and the fact that we expect to incur future expenses associated with the transfer and consolidation of certain operations.

Provision for Income Taxes

Provision for income taxes was $0.8 million in the first quarter of 2011 compared to $1.4 million in the first quarter of 2010. The provision for the first quarter of 2011 included $1.2 million for income and withholding taxes of certain of our foreign and U.S. operations and $0.4 million of new reserves and interest on existing reserves for potential liabilities in U.S. and foreign taxing jurisdictions, partially offset by the reversal of $0.8 million for reserves and interest for potential liabilities in foreign taxing jurisdictions which were effectively settled or for which the statute lapsed during the first quarter of 2011.

The provision for the first quarter of 2010 included $2.1 million for income and withholding taxes of certain of our foreign and U.S. operations and $0.3 million of interest on existing reserves for potential liabilities in foreign taxing jurisdictions, partially offset by the reversal of $1.0 million for reserves and interest for potential liabilities in foreign taxing jurisdictions which were effectively settled or for which the statute lapsed during the first quarter of 2010.

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 continue 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, off balance sheet arrangements, contingencies, sources and uses of cash, operations, working capital, and long-term assets and liabilities.

Cash Requirements

Contractual Obligations

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 1, 2011 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 (1)(2)	Total	Remainder of 2011	2012	2013	2014	2015	Thereafter
Long-term debt (3)	$1,459.2	$ 182.7	$310.5	$597.1	$ 78.3	$47.6	$ 243.0
Operating leases (4)	104.0	14.1	17.6	15.4	14.3	13.6	29.0
Purchase obligations (4):							
Capital purchase obligations	190.8	140.0	8.2	3.4	0.8	19.2	19.2
Foundry and inventory purchase obligations	88.7	70.8	2.6	1.9	1.7	1.7	10.0
Mainframe support	1.5	0.7	0.5	0.3	—	—	—
Information technology and communication services	48.7	16.9	21.3	10.5	—	—	—
Other	67.2	19.5	12.4	10.6	8.3	7.4	9.0
Total contractual obligations	$1,960.1	$ 444.7	$373.1	$639.2	$103.4	$89.5	$ 310.2

(1) The table above does not include approximately $15.4 million of liabilities related to unrecognized tax benefits because we are unable to reasonably estimate the timing of such liabilities.

(2) The table above does not include approximately $75.8 million of pension liabilities because we are unable to reasonably estimate the timing of such liabilities.
(3) Includes the interest payments for long-term debt (variable rate at April 1, 2011)
(4) 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.)

See Note 7: “Long-Term Debt,” of the notes to the consolidated unaudited financial statements included elsewhere in this Form 10-Q for a discussion of long-term debt.

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 6: “Balance Sheet Information” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q).

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, desktop 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. A bank guarantee issued on our behalf under a non-reusable commitment credit with the bank had an outstanding amount of $4.0 million as of April 1, 2011. 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 1, 2011. We also have outstanding guarantees and letters of credit outside of our non-reusable commitment credit totaling $9.2 million at April 1, 2011.

As part of securing financing in the normal course of business, we issued guarantees related to our capital lease obligations and real estate mortgages, which totaled approximately $141.1 million as of April 1, 2011. For our operating leases, we expect to make cash payments and similarly incur expenses totaling $104.0 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 that in the foreseeable future 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 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.

In connection with the SANYO Semiconductor acquisition we entered into an operational supply agreement that provides that if we continue to operate in certain of the SANYO Semiconductor manufacturing facilities in Japan using SANYO Electric resources through the end of 2012, we could receive operation support credits of up to approximately $255.4 million as of April 1, 2011. There are no guarantees that we will be able to fully utilize these credits.

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.

We from time to time, have been active in merger and acquisition activity. In connection with these mergers or acquisitions, we have agreed to indemnify the other party or parties to the merger or acquisition agreement 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 10: "Commitment and Contingencies" of the notes to our unaudited consolidated financial statements, and Part II, Item 1 "Legal Proceedings" in this Form 10-Q for possible contingencies related to legal matters and see Part I, Item 1 "Business—Government Regulation" of our 2010 Form 10-K 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 and cash and cash equivalents on hand. 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 production and cost efficiency 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, macroeconomic conditions, sudden reductions in the general availability of lending from banks or the related increase in cost to obtain bank financing; and our ability to maintain compliance with covenants under our debt agreements in effect from time to time.

Our ability to service our long-term debt including our senior subordinated notes, to remain in compliance with the various covenants contained in our debt 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. 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 at least the next twelve months. 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 below.

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 materials 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 $1,101.8 million at April 1, 2011. Our working capital, excluding cash and cash equivalents, was $335.8 million at April 1, 2011, and has fluctuated between $13.1 million and $335.8 million over the last eight quarter-ends.

The components of our working capital at April 1, 2011 and December 31, 2010 are set forth below (in millions), followed by explanations for changes between April 1, 2011 and December 31, 2010 for cash and cash equivalents and any other changes greater than $5 million. In addition please see Note 2 "Acquisitions" for further discussion related to our recent acquisitions:

	April 1, 2011	December 31, 2010	Change
Current Assets			
Cash and cash equivalents	$ 766.0	$ 623.3	$142.7
Receivables, net	576.3	294.6	281.7
Inventories, net	767.5	360.8	406.7
Other current assets	121.7	63.6	58.1
Deferred income taxes	16.4	15.7	0.7
Total current assets	2,247.9	1,358.0	889.9
Current Liabilities			
Accounts payable	527.8	256.9	270.9
Accrued expenses	197.5	162.6	34.9
Income taxes payable	7.2	5.1	2.1
Accrued interest	4.5	0.8	3.7
Deferred income on sales to distributors	169.5	149.5	20.0
Deferred income taxes, net of allowances	62.8	—	62.8
Current portion of long-term debt	176.8	136.0	40.8
Total current liabilities	1,146.1	710.9	435.2
Working capital	$1,101.8	$ 647.1	$454.7

The increase of $142.7 million of cash and cash equivalents is primarily due to $125.6 million of cash provided by operations and $21.1 of cash provided by financing activities, partially offset by $4.2 of cash used in investing activities.

The increase of $281.7 million of accounts receivables, net, is primarily the result of receivables acquired from the purchase of SANYO Semiconductor.

The increase of $406.7 million of inventory is the result of raw materials, work in process and finished goods inventory obtained from the acquisition of SANYO Semiconductor.

The increase of $58.1 million of other current assets is primarily the result of prepayments and other current assets obtained from the acquisition of SANYO Semiconductor.

The increase of $270.9 million in accounts payable is the result of liabilities assumed from the acquisition of SANYO Semiconductor.

The increase in accrued expenses of $34.9 million relates to accrued expenses assumed from the acquisition of SANYO Semiconductor, partially offset by the payment of bonuses, in the first quarter of 2011.

The increase of $20.0 million in deferred income on sale to distributors is the result of increased inventories at our distributors.

The increase of $62.8 million in deferred income taxes, net of allowances, is a result of the deferred income tax liabilities assumed through the acquisition of SANYO Semiconductor.

The increase of $40.8 million associated with the current portion of long-term debt is related to the reclassification of long-term debt to the current portion of long-term debt in the first quarter of 2011, along with long-term debt assumed through the acquisition of SANYO Semiconductor.

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 $88.7 million during the first three months of 2011 compared to cash capital expenditures of $41.0 million during the first three months of 2010. 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

2011 Financing Events

Acquisition Note Payable to SANYO Electric

In January 2011, SCI LLC, as borrower, and us, as guarantor, entered into a seven-year, unsecured loan agreement with SANYO Electric, to finance a portion of the purchase price of the SANYO Semiconductor acquisition. The loan had an original principal amount of approximately $377.5 million, has a principal balance of approximately $368.1 million as of April 1, 2011, bears interest at a rate of 3-month U.S. Dollar LIBOR plus 1.75% per annum, and provides for quarterly interest and $9.4 million principal payments, with the unpaid balance of $122.7 million due at the January 2, 2018 maturity date.

January 2011 Japanese Loan

As part of the acquisition of SANYO Semiconductor, one of our newly acquired Japanese subsidiaries has continued with its existing five-year loan agreement with a Japanese bank (450 million JPY principal) to finance capital equipment purchases. The loan, which had a balance of $2.7 million at April 1, 2011 (225 million JPY principal), bears interest at an annual rate of 1-month Tokyo Interbank Offered Rate (“TIBOR”) plus 1.4% per annum and requires monthly principal payments through September 2013 of approximately $0.1 million (7.5 million JPY principal) along with accrued interest.

Chinese Loans

In March 2011, one of our Chinese subsidiaries entered into a two-year loan agreement with a Chinese bank to finance the purchase of raw materials. The loan which has a balance of $7.0 million as of April 1, 2011, bears interest payable quarterly in arrears based on variable 3-month LIBOR plus 3.80% per annum.

Debt Instruments, Guarantees and Related Covenants

The following table presents the components of long-term debt as of April 1, 2011 and December 31, 2010 (dollars in millions):

	April 1, 2011	December 31, 2010
U.S. real estate mortgages payable monthly thru Q1 2016 at an average rate of 4.857%	32.7	33.0
Loan with Japanese company due 2011 through 2017, interest payable quarterly at 2.0545%	368.1	—
Zero Coupon Convertible Senior Subordinated Notes due 2024 (1)	89.1	87.5
1.875% Convertible Senior Subordinated Notes due 2025 (2)	83.7	82.2
2.625% Convertible Senior Subordinated Notes due 2026 (3)	415.6	410.1
Loan with British finance company, interest payable monthly at 2.12291% and 2.18%, respectively	22.1	13.8
Loan with Hong Kong bank, interest payable weekly at 2.04% and 2.0325%, respectively	40.0	40.0
Loans with Philippine banks due 2011 through 2015, interest payable quarterly at an average rate of 1.82179% and 1.80446%, respectively	66.2	68.8
Loans with Chinese banks due 2011 through 2013, interest payable quarterly at an average rate of 4.16629% and 4.23375%, respectively	34.0	34.0
Loans with Japanese banks due 2011 through 2013, interest payable monthly and semi-annually at an average rate of 1.5% and 1.44545%, respectively	6.7	3.9
Capital lease obligations	113.8	115.5
	1,272.0	888.8
Less: Current maturities	(176.8)	(136.0)
	$1,095.2	$ 752.8

(1) The Zero Coupon Convertible Senior Subordinated Notes due 2024 may be put back to us at the option of the holders of the notes on April 15 of 2012, 2014 and 2019 or called at our option on or after April 15, 2012.

(2) The 1.875% Convertible Senior Subordinated Notes due 2025 may be put back to us at the option of the holders of the notes on December 15 of 2012, 2015 and 2020 or called at our option on or after December 20, 2012.

(3) The 2.625% Convertible Senior Subordinated Notes due 2026 may be put back to us at the option of the holders of the notes on December 15 of 2013, 2016 and 2021 or called at our option on or after December 20, 2013.

The repayment 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 is subordinated to the senior indebtedness of ON Semiconductor Corporation and its Guarantor Subsidiaries (as defined in Note 7: "Long-Term Debt" of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q) on the terms described in the indentures for such notes. As of April 1, 2011, we were in compliance with 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 and with covenants relating to other debt agreements. We believe that we will be able to comply with the various covenants and other requirements contained in such indentures and debt agreements through April 1, 2012**.**

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 Accounting Standards Update No. 2010-17, "Revenue Recognition—Milestone Method"

In April 2010, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2010-17, "Revenue Recognition—Milestone Method," which is included in Accounting Standards Codification 605—Milestone Method of Revenue Recognition. This ASU codifies the consensus reached in Emerging Issues Task Force 08-09, "Milestone Method of Revenue Recognition," and addresses the accounting when entities enter into revenue arrangements with multiple payment streams for a single deliverable or a single unit of accounting. The pronouncement shall be applied prospectively to milestones achieved in fiscal years, and interim periods within those years, beginning after June 15, 2010. The adoption of this pronouncement did not have a material impact on the Company's consolidated financial statements.

Adoption of Accounting Standards Update No. 2010-29, "Business Combinations (Topic 805): Improving Disclosures about Fair Value Measurements

In December 2010, the FASB issued ASU 2010-29, Business Combinations (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations. The amendments in this update are effective prospectively for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2010. The adoption of this pronouncement did not have a material impact on our consolidated financial statements; however, we will have additional disclosure requirements related to our current and future acquisitions.

Critical Accounting Policies and Estimates

The accompanying discussion and analysis of our financial condition and results of operations is based upon our unaudited 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. Distributor revenue is recognized in various ways within the industry. Some recognize revenue upon sale to the distributor, while others, like us, recognize the revenue when the sale is made to the end customer. Additionally, there can often be a lag in the data collection from distributors, which makes the calculation of revenue recognition challenging. Due to our high distributor sales, revenue recognition is a critical accounting policy. 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 given our inability to reliably estimate up front the effect of the returns and allowances with these distributors. 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. 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.

Inventory obtained in the purchase of a business is stated at the lower of cost or market. Upon the acquisition of a company such as SANYO Semiconductor, the ISBU from Cypress Semiconductor, Catalyst, AMIS Holdings, Inc. (“AMIS”), PulseCore, CMD or SDT, 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 three months ended April 1, 2011, approximately $20.3 million of the initial $57.7 million in the inventory step up for acquisitions has been expensed to the statement of operations since the inventory was shipped to the customer, leaving $37.4 million in inventory and inventories at distributors at April 1, 2011. 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, throughout 2008, 2009 and 2010, no incremental domestic deferred tax benefits were recognized.

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 exist 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. 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. We perform our annual impairment analysis as of the first day of the fourth quarter of each year. 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, because they are one level below the operating segment, they constitute individual businesses 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 2011; however, identification of a triggering event 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 and related benefits. We maintain pension plans covering certain of our 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 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.

As discussed in Note 2 "Acquisitions," located elsewhere in this Form 10-Q, we assumed $46.9 of underfunded pension obligations relating to defined benefit plans maintained by SANYO Semiconductor. Additionally, we recorded $136.4 million representing estimated liabilities associated with our intent to withdraw from SANYO Electric or affiliates multi-employer defined benefit plans, in which certain SANYO Semiconductor employees participate. Certain of these estimated liabilities are estimates and are subject to adjustments.

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 and 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 ESPP.

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 1, 2011, our long-term debt (including current maturities) totaled $1,272.0 million. We have no interest rate exposure to rate changes on our fixed rate debt, which totaled $737.2 million. We do have interest rate exposure with respect to the $534.8 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 $2.7 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.

A majority of our revenue, expense and capital purchasing activities has historically been transacted in U.S. dollars. With the acquisition of SANYO Semiconductor, we have increased our revenue, expense and capital purchases in Japanese yen. As a multinational business, however, 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 policies prohibit 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, as amended ("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 Control Over Financial Reporting.

On June 9, 2010, we acquired SDT, which operated under its own set of systems and internal controls. We are separately maintaining SDT's systems and much of its control environment until we are able to incorporate SDT's processes into our own system and control environment. We currently expect to complete the integration of SDT's operations into our systems and control environment by the second half of 2011.

On January 1, 2011 we acquired SANYO Semiconductor and certain related assets, which operated under its own set of systems and internal controls. We are separately maintaining SANYO Semiconductor's systems and much of its control environment until we are able to incorporate SANYO Semiconductor's processes into our own system and control environment. We currently expect to complete the integration of SANYO Semiconductor's operations into our systems and control environment during 2012.

On February 27, 2011, we acquired the ISBU from Cypress Semiconductor, which operated under its own set of systems and internal controls. We are separately maintaining the ISBU and much of its control environment until we incorporate ISBU's processes into our own system and control environment. We currently expect to complete the integration of ISBU's operation into our systems and control environment by the third quarter of this fiscal year.

Other than as described above, 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 first quarter ended April 1, 2011 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 of 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 had 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. On June 9, 2009, the District Court preliminarily approved the proposed global settlement. Notice was provided to the class, and a settlement fairness hearing, at which members of the class had an opportunity to object to the proposed settlement, was held on September 10, 2009. On October 6, 2009, the District Court issued an order granting final approval to the settlement. Ten appeals were filed objecting to the definition of the settlement class and fairness of the settlement, five of which have been dismissed with prejudice. Two appeal briefs have been filed by the remaining objector groups, and those appeals remain pending. 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 settlement, our insurers are to pay the full amount of the 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, are to receive complete dismissals from the case. While we can make no assurances or guarantees as to the outcome of these proceedings, based upon our current knowledge, 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.

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 (including Synopsys, Inc. ("Synopsys")) alleging infringement of a patent owned by Ricoh. AMIS promptly tendered the defense of this claim to Synopsys, and Synopsys agreed to assume the defense of the case on AMIS' behalf to the extent that the Synopsys software that AMIS licensed from Synopsys is alleged to constitute the basis of Ricoh's claim of infringement. 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 before the U.S. Patent & Trademark Office ("PTO") challenging the validity of the patent claims at issue in this case. Since that time, Synopsys filed a total of three re-examination petitions with the PTO challenging the validity of the claims at issue, which the PTO granted and consolidated all three re-examinations into one proceeding before a single examiner. The re-examination proceeding was completed in September 2008, and the PTO examiner issued a final rejection of all claims in the asserted patent over prior art. Ricoh has appealed that final rejection to the PTO Board of Appeals, which held a hearing on the appeal on September 29, 2010. The Board of Appeals has yet to issue its written decision on the appeal. In April 2008, the court lifted the stay despite the ongoing re-examination proceeding in the PTO. In September 2008, the court granted defendants' request to refile a summary judgment motion on non-infringement that had been vacated as moot when the stay was imposed in December 2006. On March 6, 2009, the judge issued a ruling denying the summary judgment motion without prejudice because of a factual dispute over a patent claim element. After an exchange of briefs by the parties related to the disputed claim element, the judge held a further hearing on the matter on June 12, 2009. On October 23, 2009, the judge issued his ruling on the disputed claim element. Based on the judge's ruling, Synopsys filed another motion for summary judgment on non-infringement on January 8, 2010. A hearing on that motion was held on March 8, 2010 and on April 14, 2010, the judge granted Synopsys' motion for summary judgment. On April 28, 2010, Ricoh filed a motion for reconsideration on the summary judgment ruling. On May 28, 2010, the judge denied the Ricoh motion and entered final judgment in Synopsys' favor for non-infringement. Ricoh subsequently filed a Notice of Appeal on June 23, 2010 and served its brief on appeal on August 31, 2010. Counsel for Synopsys filed its responsive brief on October 29, 2010. Oral arguments occurred in March 2011 and shortly thereafter the appellate court denied the Ricoh appeal and affirmed the district court holding in Synopsys' favor of non-infringement. 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 or cash flows.

Other Litigation Matter

On December 15, 2010, a lawsuit was filed in the United States District Court for the District of Delaware captioned *Robert A. Lorber v. Francis P. Barton, George H. Cave, Donald A. Colvin, Curtis J. Crawford, Ph.D., Emmanuel T. Hernandez, Phillip D. Hester, Keith D. Jackson, J. Daniel McCranie, Robert Mahoney, W. John Nelson, Daryl Ostrander, Robert H. Smith, and ON Semiconductor Corporation*, *C.A. No. 1:10-CV-01101-GMS*. The lawsuit was brought by a stockholder of ON Semiconductor Corporation and alleges generally that (1) ON Semiconductor Corporation's 2010 proxy statement contained materially false and misleading information regarding our Amended and Restated Stock Incentive Plan ("Plan") in violation of the federal securities laws; (2) the Plan was defective and, thus, any awards made pursuant to the Plan would not be tax-deductible pursuant to Section 162(m) of the Internal Revenue Code and applicable regulations; and (3) the individual defendants (who are ON Semiconductor Corporation officers and directors) violated their state law fiduciary duties and wasted corporate assets in connection with the adoption of the Plan. We have moved to dismiss the lawsuit. We deny the substantive allegations made in the lawsuit and intend to vigorously defend against them. While we make no assurances or guarantees as to the outcome of this proceeding, based upon our current knowledge, 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.

See Part I, Item 1 "Business-Government Regulation" of our 2010 Form 10-K for information on certain environmental matters.

See also Note 10: "Commitments and Contingencies" of the notes to the consolidated unaudited financial statements included elsewhere in this Form 10-Q for contingencies relating to other legal proceedings and other matters.

Item 1A. Risk Factors

The risk factors below update those risk factors included in our 2010 Form 10-K. This Form 10-Q includes "forward-looking statements," as that term is defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the 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 the forward-looking statements. Among these factors are our revenues and operating performance, poor economic conditions and markets (including current credit and financial conditions), effects of exchange rate fluctuations, 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, enforcement and protection of our intellectual property rights and related risks, availability of raw materials, electricity, gas, water and other supply chain uncertainties, our ability to effectively shift production to other facilities in order to maintain supply continuity for our customers, variable demand and the aggressive pricing environment for semiconductor products, our ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality for our current products, the adverse impact of competitor product announcements, competitors' actions, pricing and gross profit pressures, loss of key customers, order cancellations or reduced bookings, changes in manufacturing yields, control of costs and expenses and realization of cost savings from restructurings and synergies, significant litigation, risks associated with decisions to expend cash reserves for various uses such as debt prepayment or acquisitions rather than to retain such cash for future needs, risks associated with acquisitions and dispositions (including from integrating and consolidating and timely filing financial information with the Commission for recently acquired businesses such as SANYO Semiconductor and difficulties encountered in accurately predicting the future financial performance of recently acquired businesses, such as SANYO Semiconductor), risks associated with our substantial leverage and restrictive covenants in our debt agreements from time to time, risks associated with our worldwide operations including foreign employment and labor matters associated with unions and collective bargaining arrangements as well as natural disasters like the Japan earthquake and tsunami affecting our operations and finances/financials, the threat or occurrence of international armed conflict and terrorist activities both in the United States and internationally, risks and costs associated with increased and new regulation of corporate governance and disclosure standards (including pursuant to Section 404 of the Sarbanes-Oxley Act of 2002), risks related to new legal requirements 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 2010 Form 10-K and from time to time in our other Commission reports. You should carefully consider the trends, risks and uncertainties described in this Form 10-Q, the 2010 Form 10-K and subsequent reports filed with or furnished to the 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.

We are subject to risks associated with natural disasters and other extraordinary events.

Our worldwide operations are subject to natural disasters and other business disruptions from time to time, which could adversely impact our business, results of operations and financial condition. We are susceptible to losses and interruptions caused by hurricanes, typhoons, droughts, and other extreme weather conditions, earthquakes, tsunamis, volcanoes, and similar natural disasters, as well as power outages, power shortages, telecommunications failures and similar events. Such events can cause direct injury or damage to our employees and property, and can also have significant indirect consequences. For example, such events may affect the infrastructure of the country in which the event occurs, causing power outages, transportation delays and restrictions, public health issues and economic instability, and disrupting local and international supply chains. As a result, we could experience shortages of and interruptions in supply and increased prices for components that we source from companies located in or with operations in any such country, as well as from other suppliers whose supply chains may similarly be affected. Such shortages and interruptions may also affect our ability to timely deliver our products to customers and, as a result, our customers may seek substitute products from other manufacturers. In addition, power outages including any rolling blackouts or other anticipated problems could adversely affect our business by, among other things, harming our internal operations, limiting our ability to communicate with our customers and suppliers, and limiting our customers' ability to sell or use our products. Although we carry insurance to generally compensate for losses of the type noted above, such insurance may be subject to deductible and coverage limits and may not be adequate to cover all losses that may be incurred or continue to be available in the affected area at commercially reasonable rates and terms.

We have significant operations in Japan and the March 11, 2011 Japanese earthquake and resulting tsunami have negatively impacted our operations in Japan, as well as those of certain of our suppliers and customers.

We have significant operations in Japan, including operations of SANYO Semiconductor acquired in January 2011. We own or operate six production facilities located varying distances from the Fukushima Daiichi nuclear power plant in Japan where there has been significant radioactive leakage resulting from the March 11, 2011 earthquake and tsunami. We continue to monitor events at the Fukushima Daiichi plant, which is not yet fully stabilized. However, we do not currently anticipate any radiation issues with products being exported from our facilities in Japan. Although our facilities sustained only minimal direct damage and there were no on-site injuries to our employees, infrastructure services such as fuel, electricity, gases, water, chemicals and logistics to our factories and those of our customers and suppliers were severely impacted. We continue to assess our production facilities, supply chain infrastructure and customer and employee impact from the March 11, 2011 earthquake and tsunami and subsequent events in Japan. Although we cannot fully assess the financial impact of these ongoing events at this time, we anticipate that there could be a negative impact on our revenues and profits for our business through the third quarter of 2011. See Part I, Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Form 10-Q for related information on SANYO Semiconductor, the Japan earthquake and tsunami and resultant impacts on us.

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

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. (Removed and Reserved)

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Description
2.1	Purchase Agreement, dated as of July 15, 2010, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC and SANYO Electric Co., Ltd. (incorporated by reference from Exhibit 2.1 to the Company's Third Quarter Report on Form 10-Q filed with the Commission on November 4, 2010)†
2.2	Amendment No. 1 to Purchase Agreement, dated November 30, 2010, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC and SANYO Electric Co., Ltd (incorporated by reference from Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the Commission on January 6, 2011)†
4.1	Loan Agreement, dated January 1, 2011, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC and SANYO Electric Co., Ltd. (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on January 6, 2011)
10.1	Stock Grant Award Agreement for Directors under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan (form of standard Stock Grant Award for Non-employee Directors) (1)(2)
10.2	Performance Based Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan (form of Performance Based Award for Senior Vice Presidents and Above) (1)(2)
10.3	Performance Based Restricted Stock Units Award Agreement for William M. Hall under the ON Semiconductor Corporation 2000 Stock Incentive Plan granted effective March 3, 2008 (1)(2)
10.4	Performance Based Restricted Stock Units Award Agreement for William Schromm under the ON Semiconductor Corporation 2000 Stock Incentive Plan granted effective March 3, 2008 (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)
101.INS	XBRL Instance Document (4)
101.SCH	XBRL Taxonomy Extension Schema Document (4)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (4)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (4)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (4)

(1) Management contract or compensatory plan, contract, or arrangement.
(2) Filed herewith.
(3) Furnished herewith.
(4) In accordance with Rule 406T of Regulation S-T, the XBRL related information shall not be deemed to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise

subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

† The schedules and exhibits to such agreement are not being filed herewith. Each agreement contains a list briefly identifying the contents of the schedules and exhibits to such document. The Registrant undertakes to furnish supplementally a copy of any omitted schedule and exhibit to the Commission upon request.

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.

ON SEMICONDUCTOR CORPORATION
(Registrant)

Date: May 6, 2011	By:	/S/ DONALD COLVIN
		Donald Colvin **Executive Vice President and Chief Financial Officer (Principal Financial Officer, Principal Accounting Officer and officer duly authorized to sign this report)**

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2.2	Amendment No. 1 to Purchase Agreement, dated November 30, 2010, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC and SANYO Electric Co., Ltd (incorporated by reference from Exhibit 2.2 to the Company's Current Report on Form 8-K filed with the Commission on January 6, 2011)†
4.1	Loan Agreement, dated January 1, 2011, by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC and SANYO Electric Co., Ltd. (incorporated by reference from Exhibit 4.1 to the Company's Current Report on Form 8-K filed with the Commission on January 6, 2011)
10.1	Stock Grant Award Agreement for Directors under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan (form of standard Stock Grant Award for Non-employee Directors) (1)(2)
10.2	Performance Based Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan (form of Performance Based Award for Senior Vice Presidents and Above) (1)(2)
10.3	Performance Based Restricted Stock Units Award Agreement for William M. Hall under the ON Semiconductor Corporation 2000 Stock Incentive Plan granted effective March 3, 2008 (1)(2)
10.4	Performance Based Restricted Stock Units Award Agreement for William Schromm under the ON Semiconductor Corporation 2000 Stock Incentive Plan granted effective March 3, 2008 (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)
101.INS	XBRL Instance Document (4)
101.SCH	XBRL Taxonomy Extension Schema Document (4)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document (4)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document (4)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document (4)

(1) Management contract or compensatory plan, contract, or arrangement.
(2) Filed herewith.
(3) Furnished herewith.
(4) In accordance with Rule 406T of Regulation S-T, the XBRL related information shall not be deemed to be "filed" for purposes of Section 18 of the Securities and Exchange Act of 1934, as amended, or otherwise

subject to the liability of that section, and shall not be incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

† The schedules and exhibits to such agreement are not being filed herewith. Each agreement contains a list briefly identifying the contents of the schedules and exhibits to such document. The Registrant undertakes to furnish supplementally a copy of any omitted schedule and exhibit to the Commission upon request.

Exhibit 10.1

[FORM OF FOR NON-EMPLOYEE DIRECTOR]

ON SEMICONDUCTOR CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN
STOCK GRANT AWARD AGREEMENT
FOR DIRECTORS

ON Semiconductor Corporation, a Delaware Corporation ("Company") hereby grants to **[DIRECTOR]** ("Grantee"), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time ("Plan"), a Stock Grant Award ("Award") for shares of the common stock of the Company ("Stock"). This agreement to grant Stock ("Award Agreement") is made effective as of the __ day of ___________, ______ ("Grant Date").

A. The Board of Directors of the Company ("Board") has adopted the Plan, as an incentive to retain employees, officers, and non-employee Directors of, and Consultants to, the Company and to enhance the ability of the Company to attract, retain and motivate individuals upon whose judgment, interest and special effort the successful conduct of the Company's operation is largely dependent.

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

C. The Committee has approved this Award to the Grantee pursuant to the Plan in recognition for the Grantee's service as a member of the Board and 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 Award Agreement, all capitalized terms used in this Award 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 Award. The Company grants to Grantee __ shares of Stock. The number of shares of Stock granted pursuant to this Agreement represents an amount equal to $____ divided by the closing price of the Company's Stock on the Grant Date, rounded up or down to the nearest whole share of Stock. Subject to the provisions of this Award Agreement and the Plan, the Company will deliver the Stock to the Grantee within 15 days of the Grant Date. This Award is granted pursuant to the Plan and its terms are incorporated by reference.

2. Rights of Grantee. Subject to the provisions of this Award Agreement and the Plan, as of the Grant Date, Grantee shall be a stockholder with respect to all of such Stock and shall have all of the rights of a stockholder in the Company with respect to the Stock.

3. <u>No Restrictions</u>. The Stock is fully vested as of market close on the NASDAQ or any exchange on which the Stock is traded on the Grant Date and is not subject to any restrictions.

4. <u>Delivery of Shares</u>. No shares of Stock shall be delivered under this Award Agreement until (i) the Grant Date as provided for in paragraph 1 above; (ii) approval of any governmental authority required in connection with this Award Agreement, or the issuance of shares thereunder, has been received by the Company; and (iii) if required by the 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 Award Agreement would not violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations.

5. <u>Delivery of Documents and Notices</u>. 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 Award 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 an Affiliate, 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.

5.1 <u>Description of Electronic Delivery</u>. The Plan documents, which may include but do not necessarily include: the Plan, a grant notice, this Award 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 this Award 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.

5.2 <u>Consent to Electronic Delivery</u>. The Grantee acknowledges that the Grantee has read paragraph 5.1 above of this Award Agreement and consents to the electronic delivery of the Plan documents and any grant notice, as described in paragraph 5.1. 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.

6. <u>Securities Act</u>. The Company shall not be required to deliver any shares of Stock pursuant to this Award Agreement 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.

7. <u>Administration</u>. This Award 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 Committee in accordance with the terms of and as provided in the Plan. The 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 Committee with respect thereto and to this Award Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Award Agreement and the Plan, the provisions of the Plan shall control.

8. <u>Continuation of Services</u>. This Award Agreement shall not be construed to confer upon the Grantee any right to continue providing services as a member of the Board and shall not limit the right of the Company, in its sole and absolute discretion, to terminate the services of the Grantee at any time.

9. <u>Taxable Income</u>. The Grantee acknowledges and agrees that the Fair Market Value of the shares of Stock to which the Grantee is entitled pursuant to paragraph 1 will be included in the Grantee's gross income under Section 83 of the Code on the date on which the Stock is delivered to the Grantee.

10. <u>Federal and State Taxes</u>. Grantee may incur certain liabilities for Federal, state, or local taxes in connection with the grant of Stock hereunder, and the Grantee agrees to be responsible for the payment of any resulting taxes.

11. <u>Amendments</u>. Unless otherwise provided in the Plan or this Award Agreement, this Award Agreement may be amended only by a written agreement executed by the Company and the Grantee.

12. <u>Integrated Agreement</u>. Any grant notice, this Award 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 this Award Agreement shall survive any settlement of the Award and shall remain in full force and effect.

13. <u>Governing Law and Venue</u>. This Award Agreement shall be interpreted and administered under the laws of the State of Delaware. For purposes of litigating any dispute that arises under this grant or this Award Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, agree that such litigation shall be conducted in the state courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, where this Award is made and/or to be performed.

14. <u>Severability</u>. If any provision of this Award Agreement, or the application of any such provision to any person or circumstance, is held to be unenforceable or invalid by any court of competent jurisdiction or under any applicable law, the parties hereto shall negotiate an equitable adjustment to the provisions of this Award Agreement with the view to effecting, to the greatest extent possible, the original purpose and intent of this Award Agreement, and in any event, the validity and enforceability of the remaining provisions of this Award Agreement shall not be affected thereby.

15. <u>Counterparts</u>. Any grant notice and this Award 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.

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

17. Confidentiality. The Grantee acknowledges and agrees that the terms of this Award Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party. If the Grantee violates this confidentiality provision, without waiving any other remedy available, the Company may revoke this Award without further obligation or liability, and the Grantee may be subject to disciplinary action, up to and including the Company's termination of the Grantee's service as a member of the Board for Cause.

18. Appendix. Not applicable.

19. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Award and on any related shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

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

ON SEMICONDUCTOR CORPORATION

By: ______________________________
[NAME OF OFFICER]

GRANTEE

By: ______________________________
[NAME OF DIRECTOR]

[FORM OF FOR SVP AND ABOVE]

ON SEMICONDUCTOR CORPORATION
AMENDED AND RESTATED STOCK INCENTIVE PLAN
PERFORMANCE BASED RESTRICTED STOCK UNITS AWARD AGREEMENT

ON Semiconductor Corporation, a Delaware Corporation, ("Company") hereby grants to **[NAME]** ("Grantee"), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time ("Plan"), a Restricted Stock Units Award ("Award") for Units ("Units") representing shares of the common stock of the Company ("Stock"). This agreement to grant Stock Units ("Grant Agreement") is made effective as of the __ day of __________, ______ ("Grant Date"). If Grantee is a Covered Employee, this Award is designated as a "Performance Compensation Award" and as such is granted pursuant to Article 11 of the Plan.

RECITALS

A. The Board of Directors of the Company ("Board") has adopted the Plan as an incentive to retain employees, officers, and non-employee Directors of, and Consultants to, the Company and to enhance the ability of the Company to attract, retain and motivate individuals upon whose judgment, interest and special effort the successful conduct of the Company's operation is largely dependent.

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

C. The Committee has 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 herein or in the Grantee's employment agreement or comparable agreement, as amended from time to time, ("Employment Agreement"), all capitalized terms used in this Grant Agreement shall have the meaning set forth in the Plan unless a contrary meaning is set forth in the Employment Agreement.

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. The Company hereby grants to the Grantee 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 Grant Agreement. This Award is granted pursuant to the Plan and its terms are incorporated by reference.

2. <u>Vesting of Units and Related Information</u>.

2.1 <u>Vesting Schedule</u>. The performance measurement period for this Performance Based Restricted Stock Units Award begins on __________, ______ and ends on __________ ______, ______ ("Performance Measurement Period"). Subject to the terms and conditions set forth in this paragraph 2 and in other paragraphs of this Grant Agreement, the Units will vest (if at all) on each Vesting Date (as defined below) provided some or all of both of the below performance goals ("Performance Goals") are achieved. For purposes of this Grant Agreement, the term "Vesting Date" for any Performance Measurement Period means the date set forth in the table below, subject to the achievement of relevant Performance Goals.

Performance Measurement Period	Measurement Period #	Portion of Units Eligible for Vesting	Performance Goals (dollars in millions) Adjusted Non-GAAP EBIT	Vesting Date
FY ______	1	1/3	$______	Date on which Company files Form 10-K for FY ______
1H FY ______	2	1/6	$______	Date on which Company files Form 10-Q for 2nd quarter of FY ______
2H FY ______	3	1/6	$______	Date on which Company files Form 10-K for FY ______
1H FY ______	4	1/6	$______	Date on which Company files Form 10-Q for 2nd quarter of FY ______
2H FY ______	5	1/6	$______	Date on which Company files Form 10-K for FY ______

2.2 Terms and Conditions of Vesting.

(a) If the Adjusted Non-GAAP EBIT (as defined below) Performance Goal is met for any Performance Measurement Period (as described in the table above), the applicable portion of Units shall vest on the relevant Vesting Date.

(b) If the Performance Goal is not met for any Performance Measurement Period, the Units and the Performance Goal for such period shall carryover to the next Performance Measurement Period until either the Performance Goal is achieved or the grant has expired.

(c) If the Performance Goal for the first Performance Measurement Period, fiscal year ______, is not met, the Units and the Performance Goal will carry over and the Units will vest if the Performance Goal for fiscal year ______ is satisfied during *any* four consecutive calendar quarters, provided that the cumulative Non-GAAP EBIT for those four consecutive quarters is at least $______ million. Any unvested Units for the first Performance Measurement Period will not expire until all unvested Units for the Award expire on the date that the Company files its Form 10-K for fiscal year ______ as provided in paragraph 2.2(d).

(d) All Units carried forward related to the applicable Performance Goal shall vest on the relevant Vesting Date and any then remaining unvested Units as of the Performance Measurement Period ending date (i.e., ____/____/______) shall expire the earlier of (i) the date on which the Company files its Form 10-K for fiscal year ______, or (ii) the last day of the first quarter of fiscal year ______ provided that the Company (or the Committee with respect to grants to employees who are considered to be Covered Employees under Section 162(m) of the Code) has determined the attainment of the Performance Goals pursuant to paragraph 2.5 below.

2.3 Performance Goal Defined.

(a) Adjusted Non-GAAP EBIT. For the purposes of the above vesting schedule the "Adjusted Non-GAAP EBIT" shall mean the Company's consolidated earnings, which includes merger and acquisition activities such as the recent SANYO Semiconductor acquisition, before interest (income or expense) and taxes (or "EBIT") for the applicable Performance Measurement Period, calculated taking into account any timely adjustments noted in paragraph 2.4; provided, however, if the 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 Adjusted Non-GAAP EBIT for purposes of the above paragraph 2.1 vesting schedule for the applicable Performance Measurement Period; provided further if the Grantee is a Covered Employee, the Committee's determination must be made within the time prescribed by Section 162(m) of the Internal Revenue Code of 1986, as amended ("Code"). The term "GAAP" refers to United States generally accepted accounting principles consistently applied.

2.4 Adjustments to Non-GAAP EBIT. The non-GAAP EBIT of the Company shall be adjusted to exclude the following without duplication and if applicable to the Company for purposes of calculating non-GAAP EBIT for a relevant reporting period: (i) goodwill and intangible impairment and amortization; (ii) restructuring, asset impairment and other, net; (iii) inventory step up from purchase accounting; and (iv) in-process research and development expense. Non-GAAP EBIT, as adjusted, shall specifically include merger and acquisition activity of the Company including the recent SANYO Semiconductor acquisition.

In addition, the Committee may, but only within the time prescribed by Section 162(m) of the Code if the Grantee is a Covered Employee, adjust the Performance Goals, 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 Performance Goals. 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 Performance Goals in order to prevent the dilution or enlargement of the Grantee's rights with respect to the Award.

2.5 Final Determination of Performance Goals Attained. The Company (or the Committee with respect to grants to employees who are considered to be Covered Employees under Section 162(m) of the Code) shall be responsible for determining in good faith whether, and to what extent, the Performance Goals set forth in this Grant Agreement have been achieved. The Company, or the 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 paragraph 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 paragraph 2.1 above will be canceled and forfeited as of the date of termination of employment. In other words, the Grantee must be employed by the Company on the relevant Vesting Date to receive any payment with respect to the Units that vest on such Vesting Date. In no event shall any Units vest after the date on which the Company files its Form 10-K for fiscal year ______ or the last day of the first quarter of fiscal year ______.

3.2 Change in Control. In the event 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. The Vesting Date for any Units that vest pursuant to this provision shall be the date of the Grantee's termination of employment pursuant to this provision.

4. Time and Form of Payment. Subject to the provisions of this Grant Agreement and the Plan, as the number of Units vest under paragraph 2 or under paragraph 3 above, as the case may be, 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 the shares within 15 days of the applicable Vesting Date.

5. Nontransferability. The Units granted by this Grant 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 Article 13 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 Grant 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 5.3 of the Plan.

7. Delivery of Shares. No shares of Stock shall be delivered under this Grant Agreement until (i) the Units vest in accordance with the schedule set forth in paragraph 2 above or pursuant to paragraph 3 above, as the case may be; (ii) approval of any governmental authority required in connection with the Grant Agreement, or the issuance of shares thereunder, has been received by the Company; (iii) if required by the 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 Grant Agreement would not violate the Securities Act of 1933 or any other applicable federal or state securities laws or regulations; (iv) the Grantee has complied with paragraph 13 below of this Grant Agreement in order for the proper provision for required tax withholdings to be made; and (v) the Grantee has executed and returned this Grant Agreement to the Company (which, in the case of a Grant Agreement provided to the Grantee in electronic format, requires that the Grantee click the “ACCEPT” button). This Grant Agreement must be executed no later than the date preceding the first vesting date (described in Section 2 of this Grant Agreement).

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 Grant 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 an Affiliate, or upon deposit in the U.S. Post Office or foreign postal service, 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 **<u>Description of Electronic Delivery</u>**. The Plan documents, which may include but do not necessarily include: the Plan, a grant notice, this Grant 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 this Grant 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 **<u>Consent to Electronic Delivery</u>**. The Grantee acknowledges that the Grantee has read paragraph 10.1 above of this Grant Agreement and consents to the electronic delivery of the Plan documents and any grant notice, as described in paragraph 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.

11. **<u>Administration</u>.** This Grant 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 Committee in accordance with the terms of and as provided in the Plan. The 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 Committee with respect thereto and to this Grant Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Grant Agreement and the Plan, the provisions of the Plan shall control.

12. **<u>Continuation of Employment</u>.** This Grant 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. **<u>Responsibility for Taxes and Withholdings</u>.** Regardless of any action the Company or the Grantee's actual employer ("Employer") takes with respect to any or all income tax, social insurance, payroll tax, payment on account or other tax-related items related to the Grantee's participation in the Plan and legally applicable to the Grantee ("Tax-Related Items"), the Grantee acknowledges that the ultimate liability for all Tax-Related Items is and remains the Grantee's responsibility and may exceed the amount actually withheld by the Company or the Employer. The Grantee further acknowledges that the Company and/or the Employer (i) make no representations or undertakings regarding the treatment of any Tax-Related Items in connection with any aspect of the Units, including the grant of the Units, the vesting of Units, the conversion of the Units into shares or the receipt of an equivalent cash payment, the subsequent sale of any shares acquired at vesting and the receipt of any dividends and/or dividend equivalents; and (ii) do not commit to and are under no obligation to structure the terms of the grant or any aspect of the Units to reduce or eliminate the Grantee's liability for Tax-Related Items or achieve any particular tax result. Further, if the Grantee has become subject to tax in more than one jurisdiction between the Grant Date and the date of any relevant taxable event, the Grantee acknowledges that the Company and/or the Employer (or former employer, as applicable) may be required to withhold or account for Tax-Related Items in more than one jurisdiction.

Prior to any relevant taxable or tax withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, pursuant to Article 17 of the Plan, if permissible under local law and unless otherwise provided by the Committee prior to the vesting of the shares, the Grantee authorizes the Company or the Employer, or their respective agents, to withhold all applicable Tax-Related Items in shares of Stock to be issued upon vesting/settlement of the Units. Alternatively, or in addition, the Grantee authorizes the Company and/or the Employer, or their respective agents, at the Company's discretion, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer; (ii) withholding from proceeds of the sale of shares of Stock acquired upon vesting/settlement of the Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); or (iii) personal check or other cash equivalent acceptable to the Company.

The Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or other applicable withholding rates. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock as described herein, for tax purposes, the Grantee shall be deemed to have been issued the full number of shares of Stock subject to the Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of the Grantee's participation in the Plan.

Finally, the Grantee shall pay to the Company or to the Employer any amount of Tax-Related Items that the Company or the Employer may be required to withhold or account for as a result of the Grantee's participation in the Plan that cannot be satisfied by the means previously described. The Company may refuse to issue or deliver shares or the proceeds of the sale of shares of Stock if the Grantee fails to comply with his or her obligation in connection with the Tax-Related Items.

14. Amendments. Unless otherwise provided in the Plan or this Grant Agreement, this Grant Agreement may be amended only by a written agreement executed by the Company and the Grantee.

15. Integrated Agreement. Any grant notice, this Grant 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 this Grant Agreement shall survive any settlement of the Award and shall remain in full force and effect.

16. <u>Severability</u>. If one or more of the provisions of this Grant 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 Grant Agreement to be construed so as to foster the intent of this Grant Agreement and the Plan.

17. <u>Counterparts</u>. Any grant notice and this Grant 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. <u>Governing Law and Venue</u>. This Grant Agreement shall be interpreted and administered under the laws of the State of Delaware.

For purposes of litigating any dispute that arises under this grant or this Grant Agreement, the parties hereby submit to and consent to the jurisdiction of the State of Arizona, agree that such litigation shall be conducted in the courts of Maricopa County, Arizona, or the federal courts for the United States for the District of Arizona, where this grant is made and/or to be performed.

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

20. <u>Section 409A Compliance</u>. Section 409A of the Code imposes an additional 20% tax, plus interest, on payments from “non-qualified deferred compensation plans.” Certain payments under this Grant Agreement could be considered to be payments under a “non-qualified deferred compensation plan.” The additional 20% tax and interest do not apply if the payment qualifies for an exception to the requirements of Section 409A or complies with the requirements of Section 409A. The Company believes, but does not and cannot warrant or guaranty, that the payments due pursuant to this Grant Agreement qualify for the short-term deferral exception to Section 409A as set forth in Treasury Regulation Section 1.409A-1(b)(4). Notwithstanding anything to the contrary in this Grant Agreement, if the Company determines that neither the short-term deferral exception nor any other exception to Section 409A applies to the payments due pursuant to this Grant Agreement, to the extent any payments are due on the Grantee’s termination of employment, the term “termination of employment” shall mean “separation from service” as defined in Treasury Regulation Section 1.409A-1(h). In addition, if Grantee is a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and any payments due pursuant to this Grant Agreement are payable on the Grantee’s “separation from service,” 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.” This Grant Agreement shall be operated in compliance with Section 409A or an exception thereto and each provision of this Grant Agreement shall be interpreted, to the extent possible, to comply with Section 409A or to qualify for an applicable exception. The Grantee remains solely responsible for any adverse tax consequences imposed upon the Grantee by Section 409A.

21. <u>Confidentiality</u>. The Grantee acknowledges and agrees that the terms of this Grant Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party. If the Grantee violates this confidentiality provision, without waiving any other remedy available, the Company may revoke this Award without further obligation or liability, and the Grantee may be subject to disciplinary action, up to and including the Company's termination of the Grantee's employment for Cause.

22. <u>Appendix.</u> Notwithstanding any provisions in this Grant Agreement, the grant of the Units shall be subject to any special terms and conditions set forth in any appendix (or any appendices) to this Grant Agreement for the Grantee's country (the "Appendix"). Moreover, if the Grantee relocates to one of the countries included in the Appendix, the special terms and conditions for such country will apply to the Grantee, to the extent the Company determines that the application of such terms and conditions is necessary or advisable in order to comply with local law or facilitate the administration of the Plan. The Appendix constitutes part of this Grant Agreement.

23. <u>Imposition of Other Requirements</u>. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing.

[Alt 1 — IN WITNESS WHEREOF, the Company has caused this Grant Agreement to be signed by its duly authorized representative and the Grantee has signed this Grant Agreement as of the date first written above.]

[Alt 2 — IN WITNESS WHEREOF, the Company has caused this Grant Agreement to be electronically signed by its duly authorized representative and the Grantee, by clicking the "ACCEPT" button, has hereby electronically accepted and acknowledged as of the date first written above this Grant Agreement and its underlying Award subject to all of their terms and conditions.]

ON SEMICONDUCTOR CORPORATION

By: ______________________________
[NAME OF OFFICER]

GRANTEE:

By: ______________________________
[NAME]

Exhibit 10.3

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

ON Semiconductor Corporation, a Delaware Corporation ("Company"), hereby grants to William M. Hall ("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 March 3, 2008 ("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 25,000 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 of Units**. The Units will vest in accordance with, and only upon the attainment of, on or prior to the end of the Company's fiscal quarter in which the third anniversary of the Grant Date falls, the following performance measures ("Performance Measures"):

Number of PBRSUs Eligible for Vesting	Performance Measures
5,000	Specific product revenues of at least $133 million **and** a gross margin percentage from specific product revenues of at least 43% in 2 consecutive quarters
10,000	Specific product revenues of at least $142 million **and** a gross margin percentage from specific product revenues of at least 44% in 2 consecutive quarters
10,000	Specific product revenues of at least $148 million **and** a gross margin percentage from specific product revenues of at least 45% in 2 consecutive quarters

By way of example, if in two consecutive quarters the Company has specific product revenues of at least $148 million and for those two quarters has a gross margin percentage from specific product revenues of at least 45% (both Performance Measures as determined by the Compensation Committee), then 100% or 25,000 of the Units will become vested.

2.2 **Specific Product Revenues**. For purposes of the above vesting schedule, specific product revenues shall mean the sum of product revenues for the Standard Products Group business ("SPG") (consisting of the following Pal Codes – PA (Bipolar Power), PC (Thyristor), PD (Small Signal), PE (Zener), PH (Protection), PJ (High Frequency) and PK (Logic) (collectively, "Total SPG Pal Codes")) for the Company for the relevant quarterly performance period as reported in or derived from its operational profit and loss statements for the above Total SPG Pal Codes determined in accordance with U.S. generally accepted accounting principles ("GAAP") consistently applied; 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 the specific product revenues for purposes of the above vesting schedule for any applicable performance period.

2.3 **Gross Margin Percentage from Specific Product Revenues**. For purposes of the above vesting schedule, gross margin percentage from specific product revenues shall be calculated by **dividing** the gross margin from product revenues from the Total SPG Pal Codes by the product revenues from the Total SPG Pal Codes determined under 2.2 above. Gross margin from the Total SPG Pal Codes shall be calculated based on product revenues from the Total SPG Pal Codes determined under 2.2 above **less** cost of revenues from Total SPG Pal Codes products of the Company for the performance period as reported in or derived from its operational profit and loss statements for the Total SPG Pal Codes determined in accordance with GAAP consistently applied, but adjusted as set forth in the next sentence. Cost of revenues from Total SPG Pal Codes products of the Company shall be adjusted to exclude the following, if and when applicable to the same for a relevant performance period: (i) amortizing 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; and (vi) expensing of the step up to fair market value of inventory from acquisitions.

2.4 **Adjustment to Performance Measures for Extraordinary and Other Items**. In addition to the adjustments in Sections 2.2 and 2.3, the Compensation Committee may adjust one or all of the Performance Measures, 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**:** extraordinary items, 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" earnings. 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 Performance Measures 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**. When the Grantee believes that any of the performance criteria listed above have been achieved, the Grantee shall notify the Senior Vice President of Human Resources of the Company in writing of such achievement ("Notice of Achievement"). Thereafter, the Compensation Committee will promptly review any such Notice of Achievement and either accept it or provide an explanation for non-acceptance in writing. The Grantee understands that such review by the Compensation Committee may include an analysis of any and all parameters of the qualifying performance and that the Compensation Committee's final determination to accept or not accept a Notice of Achievement for the relevant measurement period shall be made in good faith and shall be final and binding on the Grantee. If a Notice of Achievement is accepted by the Compensation Committee as described above, then the relevant number of Units associated with such Notice of Achievement shall become fully vested on the date the Compensation Committee has made such final determination.

3. **Termination of Employment and Leave of Absence**.

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 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 Company's fiscal quarter in which the third anniversary of the Grant Date falls.

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) 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.

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 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 this Agreement and the Plan, the provisions of the Plan 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 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. **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.

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

18. **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.

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: /s/ G. SONNY CAVE
G. Sonny Cave
Senior Vice President, General Counsel, Chief Compliance & Ethics Officer, and Secretary

By: /s/ WILLIAM M. HALL
William M. Hall

Exhibit 10.4

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

ON Semiconductor Corporation, a Delaware Corporation ("Company"), hereby grants to William Schromm ("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 March 3, 2008 ("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 45,000 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 of Units**. The Units will vest in accordance with, and only upon the attainment of, on or prior to the end of the Company's fiscal quarter in which the third anniversary of the Grant Date falls, the following performance measures ("Performance Measures"):

Number of PBRSUs Eligible for Vesting	Performance Measures
9,000	Specific product revenues of at least $31 million **and** a gross margin percentage from specific product revenues of at least 36% in 2 consecutive quarters
18,000	Specific product revenues of at least $33 million **and** a gross margin percentage from specific product revenues of at least 38% in 2 consecutive quarters
18,000	Specific product revenues of at least $35 million **and** a gross margin percentage from specific product revenues of at least 40% in 2 consecutive quarters

By way of example, if in two consecutive quarters the Company has specific product revenues of at least $35 million and for those two quarters has a gross margin percentage from specific product revenues of at least 40% (both Performance Measures as determined by the Compensation Committee), then 100% or 45,000 of the Units will become vested.

2.2 **Specific Product Revenues**. For purposes of the above vesting schedule, specific product revenues shall mean the sum of product revenues from Pal Code — PQ (Power Switching) — for the Company for the relevant quarterly performance period as reported in or derived from its operational profit and loss statements for the specific Pal Code for PQ (Power Switching) determined in accordance with U.S. generally accepted accounting principles ("GAAP") consistently applied; 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 the specific product revenues for purposes of the above vesting schedule for any applicable performance period.

2.3 **Gross Margin Percentage from Specific Product Revenues**. For purposes of the above vesting schedule, gross margin percentage from specific product revenues shall be calculated by **dividing** the gross margin from product revenues from Pal Code – PQ (Power Switching) by the product revenues from PQ (Power Switching) determined under 2.2 above. Gross margin from PQ (Power Switching) shall be calculated based on product revenues from PQ (Power Switching) determined under 2.2 above **less** cost of revenues from PQ (Power Switching) products of the Company for the performance period as reported in or derived from its operational profit and loss statements for the PQ (Power Switching) Pal Code determined in accordance with GAAP consistently applied, but adjusted as set forth in the next sentence. Cost of revenues from PQ (Power Switching) products of the Company shall be adjusted to exclude the following, if and when applicable to the same for a relevant performance period: (i) amortizing 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; and (vi) expensing of the step up to fair market value of inventory from acquisitions.

2.4 **Adjustment to Performance Measures for Extraordinary and Other Items**. In addition to the adjustments in Sections 2.2 and 2.3, the Compensation Committee may adjust one or all of the Performance Measures, 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**:** extraordinary items, 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" earnings. 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 Performance Measures 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**. When the Grantee believes that any of the performance criteria listed above have been achieved, the Grantee shall notify the Senior Vice President of Human Resources of the Company in writing of such achievement ("Notice of Achievement"). Thereafter, the Compensation Committee will promptly review any such Notice of Achievement and either accept it or provide an explanation for non-acceptance in writing. The Grantee understands that such review by the Compensation Committee may include an analysis of any and all parameters of the qualifying performance and that the Compensation Committee's final determination to accept or not accept a Notice of Achievement for the relevant measurement period shall be made in good faith and shall be final and binding on the Grantee. If a Notice of Achievement is accepted by the Compensation Committee as described above, then the relevant number of Units associated with such Notice of Achievement shall become fully vested on the date the Compensation Committee has made such final determination.

3. **Termination of Employment and Leave of Absence**.

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 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 Company's fiscal quarter in which the third anniversary of the Grant Date falls.

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) 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.

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 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 this Agreement and the Plan, the provisions of the Plan 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 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. **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.

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

18. **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.

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: /s/ G. SONNY CAVE
G. Sonny Cave
Senior Vice President, General Counsel, Chief Compliance & Ethics Officer, and Secretary

By: /s/ WILLIAM SCHROMM
William Schromm

Exhibit 31.1

CERTIFICATIONS

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 6, 2011

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

Exhibit 31.2

CERTIFICATIONS

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 6, 2011

/s/ DONALD A. COLVIN

Donald A. Colvin
Chief Financial Officer

Exhibit 32.1

Certification

**Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906
of the Sarbanes-Oxley Act of 2002**

For purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 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 1, 2011 (“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 the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: May 6, 2011	/s/ KEITH D. JACKSON Keith D. Jackson President and Chief Executive Officer
Dated: May 6, 2011	/s/ DONALD A. COLVIN Donald A. Colvin Executive Vice President and Chief Financial Officer