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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549**

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**FORM 8-K**

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**CURRENT REPORT**

**Pursuant to Section 13 OR 15(d) of The  
Securities Exchange Act of 1934**

**November 2, 2011  
Date of report (Date of earliest event reported)**

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**ON Semiconductor Corporation**

**(Exact name of registrant as specified in its charter)**

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**Delaware**  
**(State or other jurisdiction  
of incorporation)**

**000-30419**  
**(Commission  
File Number)**

**36-3840979**  
**(IRS Employer  
Identification No.)**

**ON Semiconductor Corporation**  
**5005 E. McDowell Road**  
**Phoenix, Arizona**

**(Address of principal executive offices)**

**85008**  
**(Zip Code)**

**(602) 244-6600**  
**(Registrant's telephone number, including area code)**

**Not applicable**  
**(Former name or former address, if changed since last report.)**

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 2.02. Results of Operation and Financial Condition.

On November 2, 2011, ON Semiconductor Corporation (the “Company”) announced in a news release its financial performance for the third quarter ended September 30, 2011 and other related material information (“Earnings Release”). A copy of the Earnings Release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

On November 2, 2011, following the release of the Earnings Release, the Company will hold a live conference call at 5:00 p.m. Eastern Time (ET) to discuss its financial performance for the quarter ended September 30, 2011 and other related material information. A copy of the script for this call is attached as Exhibit 99.2 and incorporated herein by reference. The Earnings Release and the script for the call include certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable measures prepared in accordance with U.S. GAAP are set forth in the Earnings Release and posted separately on the Investor Relations page of the Company’s website at <http://www.onsemi.com>. The Company will provide a real-time audio broadcast of the teleconference on the Investor Relations page of its website at <http://www.onsemi.com>. The re-broadcast of the call will be available at this site approximately one hour following the live broadcast and will continue to be available for approximately 30 days following the conference call. Investors and interested parties can also access the conference call through a telephone call by dialing (888) 546-9664 (U.S./Canada) or (973) 935-8144 (International) and providing the conference ID number of 21468735. The Company will provide a dial-in replay approximately one hour following the live broadcast that will continue through approximately November 9, 2011. To listen to the teleconference replay, call (855) 859-2056 (U.S./Canada) or (404) 537-3406 (International). You will be required to provide the Conference ID Number – which is 21468735.

The information under this Item 2.02 of this report, including Exhibits 99.1 and 99.2, is being furnished under Item 2.02 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (“Exchange Act”), or otherwise subject to liability of that section nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

## Item 9.01. Financial Statements and Exhibits.

- (a) Financial Statements of Businesses Acquired  
Not applicable.
- (b) Pro Forma Financial Information  
Not applicable.
- (c) Shell Company Transactions  
Not applicable.
- (d) Exhibits

The below exhibits are furnished as part of this report.

<u>Exhibit No.</u>	<u>Description</u>
99.1	News release for ON Semiconductor Corporation dated November 2, 2011, announcing financial performance for the third quarter ended September 30, 2011
99.2	Conference call script for November 2, 2011 regarding ON Semiconductor Corporation’s financial performance for the third quarter ended September 30, 2011

### **Caution Regarding Forward Looking Statements:**

*Exhibits 99.1 and 99.2 contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included or incorporated in these exhibits could be deemed forward-looking statements, particularly statements about the future financial performance of ON Semiconductor. These 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 document are made based on information available to us as of the date of this release, our current expectations, forecasts and assumptions, 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 the uncertainty surrounding natural disasters, including the ongoing impact of the flood in Thailand, including supply chain uncertainty, availability of raw materials, electricity, gas and water, availability of finished goods inventory, the level of damage to the buildings and equipment and our books and financial and corporate records and data, our ability to reopen the facilities, the length of down-time for operations, labor costs, our ability to effectively shift production to other facilities in order to maintain supply continuity for our customers, our ability to recreate or reconstruct books and financial and corporate records and data that have been lost and to continue to prepare future financial statements in accordance with generally accepted accounting principles and other requirements, as well as any impact on our controls and procedures, our ability to collect on insurance claims and the timing thereof, the fact that the timing of events could differ materially from those anticipated, uncertainties as to the impairment and other costs and charges including the potential for unanticipated charges not currently contemplated, 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, competitors’ actions including the adverse impact of competitive product announcements, 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 Securities and Exchange 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 man-made and/or natural disasters such as the flooding in Thailand or 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. Information concerning additional factors that could cause results to differ materially from those projected in the forward-looking statements is contained in ON Semiconductor’s Annual Report on Form 10-K for the period ended December 31, 2010, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of our filings with the Securities and Exchange Commission. 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 investors could lose all or part of their investment. Readers are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements should not be relied upon as representing our views as of any subsequent date and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made.*

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 hereunto duly authorized.

ON SEMICONDUCTOR CORPORATION  
(Registrant)

Date: November 2, 2011

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

EXHIBIT INDEX

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Anne Spitzza  
 Corporate Communications  
 ON Semiconductor  
 (602) 244-6398  
[anne.spitzza@onsemi.com](mailto:anne.spitzza@onsemi.com)

Ken Rizvi  
 Vice President and Treasurer  
 ON Semiconductor  
 (602) 244-3437  
[ken.rizvi@onsemi.com](mailto:ken.rizvi@onsemi.com)

### ON Semiconductor Reports Third Quarter 2011 Results

***For the third quarter of 2011, highlights include:***

- *Total revenues of approximately \$898.0 million*
- *Cash, cash equivalents and short-term investments of \$837.7 million*
- *Retired \$53.0 million in principal of ON Semiconductor's 2.625% convertible senior subordinated notes*
- *Japan operations have fully recovered from the March earthquake and tsunami*

**PHOENIX, Ariz. – Nov. 2, 2011** – ON Semiconductor Corporation (Nasdaq: ONNN) today announced that total revenues in the third quarter of 2011 were \$898.0 million, a decrease of approximately 1 percent from the second quarter of 2011. During the third quarter of 2011, the company reported a GAAP net loss of \$49.4 million, or \$0.11 per fully diluted share. The third quarter 2011 GAAP net loss was impacted by \$65.4 million of restructuring, asset impairment and other charges which were primarily related to our announced closure of the Aizu, Japan factory as well as other special items. The complete special item details can be found in the attached schedules.

Third quarter 2011 non-GAAP net income was \$110.5 million, or \$0.24 per share on a fully diluted basis. Second quarter 2011 non-GAAP net income was \$107.7 million, or \$0.23 per share on a fully diluted basis. A reconciliation of these non-GAAP financial measures (and other non-GAAP measures used elsewhere in this release, such as non-GAAP gross margin, non-GAAP gross profit and adjusted EBITDA) to the company's most directly comparable measures prepared in accordance with U.S. GAAP are set forth in the attached schedules and on our website at <http://www.onsemi.com/>.

On a mix-adjusted basis, average selling prices for ON Semiconductor in the third quarter of 2011 were down approximately two percent when compared to the second quarter of 2011. Total company GAAP gross margin in the third quarter was 29.1 percent. Total company GAAP gross margin in the third quarter included a net charge of approximately \$53.6 million, or approximately 590 basis points, from special items. Total company non-GAAP gross margin in the third quarter was 35.0 percent.

Adjusted EBITDA for the third quarter of 2011 was \$169.9 million. Adjusted EBITDA for the second quarter of 2011 was \$169.8 million.

"In the third quarter, we were able to report another strong revenue quarter," said Keith Jackson, ON Semiconductor president and CEO. "In addition, during the quarter, we were able to utilize a portion of our excess cash to repurchase \$53 million of our 2.625 percent convertible senior subordinated notes. As we

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look into the fourth quarter, we are expecting to see a sequential decline in our revenue as a result of the impact caused by the flooding in Thailand, as well as the inventory correction in the global electronics supply chain that is negatively impacting the semiconductor industry as a whole. We remain confident, however, of our longer term growth prospects.”

“During 2011, the company has faced significant challenges resulting from two sizable natural disasters, specifically the tragic March earthquake and resulting tsunami in Japan and the recent devastating flooding in Thailand,” Jackson said. “Both of these natural disasters have sadly impacted our employees, their families and our operations. While many of our employees’ lives have been significantly impacted, we are grateful that they remain safe at this time. In Japan, through the tremendous efforts of our employees, we have fully recovered all our Japan-based operations following the earthquake and resulting tsunami. Our operations in Thailand, however, are still suspended due to the severe flooding in the country and we have not been able to enter our facilities in Ayutthaya or Bang Pa In. The company continues to work on options to meet our customers’ production needs by shifting production to other facilities both within and outside our global ON Semiconductor manufacturing network. I am grateful for the significant efforts by our employees and manufacturing partners who are working tirelessly to make this happen.”

#### FOURTH QUARTER 2011 OUTLOOK

“We believe the flood in Thailand and the resulting damage to our facilities located in Thailand will negatively impact revenues by approximately \$60 million in the fourth quarter of 2011,” Jackson said. “Our SANYO Semiconductor division will experience the vast majority of this revenue reduction specifically resulting from the Thailand flood. In addition, given the fixed cost nature of the SANYO Semiconductor division, we believe the reduction in revenue will result in approximately \$45 million lower total net income for the company in the fourth quarter of 2011. The preceding flood related impact is included in our guidance below. Our guidance, however, does not include any unusual or incremental charges and expenses we may incur during the fourth quarter as a result of the flood in Thailand and our efforts to restore production capacity. In addition, our guidance does not include any impact from the flood on our suppliers, subcontractors and customers, which we continue to evaluate.

Based upon product booking trends, backlog levels and estimated turns levels, we anticipate that total ON Semiconductor revenues will be approximately \$740 to \$780 million in the fourth quarter of 2011,” Jackson said. “Backlog levels for the fourth quarter of 2011 represent approximately 80 to 85 percent of our anticipated fourth quarter 2011 revenues. We expect that average selling prices for the fourth quarter of 2011 will be down approximately three percent when compared to the third quarter of 2011. The non-GAAP outlook for the fourth quarter of 2011 includes stock-based compensation expense of approximately \$6 million.”

The following table outlines the expected impact of the Thailand flood on ON Semiconductor’s projected fourth quarter of 2011 revenue outlook, subject to the qualifications above.

#### THAILAND FLOOD IMPACT TO ON SEMICONDUCTOR Q4 2011 REVENUES

	Revenue Guidance Prior to Flood Impact	Impact From The Flood	Revenue Guidance After Flood Impact
Revenue	\$800 to \$840 million	\$60 million	\$740 to \$780 million

The following table outlines ON Semiconductor’s projected fourth quarter of 2011 GAAP and non-GAAP outlook and includes the impact from the Thailand flood, subject to the qualifications above.

**ON SEMICONDUCTOR Q4 2011 BUSINESS OUTLOOK (INCLUDES IMPACT FROM THAILAND FLOOD)**

	Total ON Semiconductor GAAP	Special Items ***	Total ON Semiconductor Non-GAAP****
Revenue	\$740 to \$780 million		\$740 to \$780 million
Gross Margin	26% to 28%	\$24 million	29% to 31%
Operating Expenses	\$195 to \$205 million	\$15 million	\$180 to \$190 million
Net Interest Expense / Other Expenses	\$13 million		\$13 million
Convertible Notes, Non-cash Interest Expense*	\$9 million	\$9 million	\$0 million
Tax	\$2 to \$4 million	\$2 million	\$4 to \$6 million
Fully Diluted Share Count **	448 million	7 million	455 million

\* Convertible Notes, Non-cash Interest Expense are included pursuant to FASB's Accounting Standards Codification ("ASC") Topic 470 Debt.

\*\* Fully diluted share count can vary for, among other things, the actual exercise of options or restricted stock units, the incremental dilutive shares from all of the company's convertible senior subordinated notes, and the repurchase or the issuance of stock or convertible notes or the sale of treasury shares. Please refer to the table on our website for potential changes to the Fully Diluted Share Count. This table can be found on our website at <http://www.onsemi.com> under Investors—Investor Relations, Quarterly Results.

\*\*\* Special Items can include: amortization of intangible assets, amortization of acquisition-related intangibles, expensing of appraised inventory fair market value step-up, purchased in-process research and development expenses, inventory valuation adjustments, restructuring, asset impairments and other, net, goodwill impairment charges, gains and losses on debt prepayment, income tax adjustments to approximate cash taxes, non-cash interest expense, their related tax effects and certain other special items as appropriate.

\*\*\*\* Regulation G and other provisions of the securities laws regulate the use of financial measures that are not prepared in accordance with GAAP. We believe these non-GAAP measures provide important supplemental information to investors. We use these measures, together with GAAP measures, for internal managerial purposes and as a means to evaluate period-to-period comparisons. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance. We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations that – when taken together with GAAP results and the reconciliations to corresponding GAAP financial measures that we also provide in our releases – provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.

**TELECONFERENCE**

ON Semiconductor will host a conference call for the financial community at 5:00 p.m. Eastern Time (ET) on November 2, 2011, to discuss this announcement and ON Semiconductor's results for the third quarter of 2011. The company will also provide a real-time audio webcast of the teleconference on the Investor Relations page of its website at <http://www.onsemi.com>. The webcast replay will be available at this site approximately one hour following the live broadcast and will continue to be available for approximately 30 days following the conference call. Investors and interested parties can also access the conference call through a telephone call by dialing (888) 546-9664 (U.S./Canada) or (973) 935-8144 (International). In order to join this conference call, you will be required to provide the Conference ID Number – which is 21468735. Approximately one hour following the live broadcast, the company will provide a dial-in replay that will continue to be available through November 9, 2011. To listen to the teleconference replay, call (855) 859- 2056 (U.S./Canada) or (404) 537-3406 (International). You will be required to provide the Conference ID Number – which is 21468735.



**About ON Semiconductor**

ON Semiconductor (Nasdaq: ONNN) 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 effectively solve their design challenges in automotive, communications, computing, consumer, industrial, LED lighting, medical, military/aerospace and power applications. ON Semiconductor operates a world-class, value-added supply chain and a network of manufacturing facilities, sales offices and design centers in key markets throughout North America, Europe, and the Asia Pacific regions. For more information, visit <http://www.onsemi.com>.

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*ON Semiconductor and the ON Semiconductor logo are registered trademarks of Semiconductor Components Industries, LLC. All other brand and product names appearing in this document are registered trademarks or trademarks of their respective holders. Although the company references its website in this news release, information on the website is not to be incorporated herein.*

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, included or incorporated in this document could be deemed forward-looking statements, particularly statements about the future financial performance of ON Semiconductor. These 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 document are made based on information available to us as of the date of this release, our current expectations, forecasts and assumptions, 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 the uncertainty surrounding natural disasters, including the ongoing impact of the flood in Thailand, including supply chain uncertainty, availability of raw materials, electricity, gas and water, availability of finished goods inventory, the level of damage to the buildings and equipment and our books and financial and corporate records and data, our ability to reopen the facilities, the length of down-time for operations, labor costs, our ability to effectively shift production to other facilities in order to maintain supply continuity for our customers, our ability to recreate or reconstruct books and financial and corporate records and data that have been lost and to continue to prepare future financial statements in accordance with generally accepted accounting principles and other requirements, as well as any impact on our controls and procedures, our ability to collect on insurance claims and the timing thereof, the fact that the timing of events could differ materially from those anticipated, uncertainties as to the impairment and other costs and charges including the potential for unanticipated charges not currently contemplated, 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, competitors' actions including the adverse impact of competitive product announcements, 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 Securities and Exchange 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 man-made and/or natural disasters such as the flooding in Thailand or

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. Information concerning additional factors that could cause results to differ materially from those projected in the forward-looking statements is contained in ON Semiconductor's Annual Report on Form 10-K for the period ended December 31, 2010, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of our filings with the Securities and Exchange Commission. 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 investors could lose all or part of their investment. Readers are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements should not be relied upon as representing our views as of any subsequent date and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made.

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

(in millions, except per share data)

	Quarter Ended			Nine Months	
	September 30, 2011	July 1, 2011 <sup>(1)</sup>	October 1, 2010	September 30, 2011	October 1, 2010
Revenues	\$ 898.0	\$905.8	\$ 600.7	\$ 2,674.4	\$1,734.2
Cost of revenues	636.9	639.7	354.2	1,904.8	1,015.8
Gross profit	261.1	266.1	246.5	769.6	718.4
Gross margin	29.1%	29.4%	41.0%	28.8%	41.4%
Operating expenses:					
Research and development	91.5	89.2	63.3	271.8	188.6
Selling and marketing	48.4	51.2	35.5	149.0	107.6
General and administrative	51.9	52.3	31.2	151.3	98.0
Amortization of acquisition-related intangible assets	10.6	11.4	7.9	31.7	23.8
Restructuring, asset impairments and other, net	65.4	5.1	0.9	82.9	7.0
Total operating expenses	267.8	209.2	138.8	686.7	425.0
Operating income (loss)	(6.7)	56.9	107.7	82.9	293.4
Other income (expenses), net:					
Interest expense	(16.9)	(17.8)	(14.1)	(52.5)	(45.0)
Interest income	0.3	0.2	0.2	0.8	0.4
Other	(3.1)	(1.0)	(0.8)	(6.6)	(7.0)
Loss on debt repurchase	(5.3)	—	—	(5.3)	(0.7)
Gain on SANYO Semiconductor acquisition	—	—	—	58.0	—
Other expenses, net	(25.0)	(18.6)	(14.7)	(5.6)	(52.3)
Income (loss) before income taxes	(31.7)	38.3	93.0	77.3	241.1
Income tax provision	(17.3)	(3.2)	(4.6)	(21.3)	(9.4)
Net income (loss)	(49.0)	35.1	88.4	56.0	231.7
Net income attributable to minority interest	(0.4)	(0.8)	(0.6)	(1.9)	(2.2)
Net income (loss) attributable to ON Semiconductor Corporation	\$ (49.4)	\$ 34.3	\$ 87.8	\$ 54.1	\$ 229.5
Net income (loss) per common share attributable to ON Semiconductor Corporation:					
Basic:	\$ (0.11)	\$ 0.08	\$ 0.20	\$ 0.12	\$ 0.53
Diluted:	\$ (0.11)	\$ 0.07	\$ 0.20	\$ 0.12	\$ 0.52
Weighted average common shares outstanding:					
Basic	448.8	446.2	431.6	445.5	430.0
Diluted:	448.8	461.5	439.8	454.3	439.8

<sup>(1)</sup> The consolidated statement of operations has been revised in accordance with ASC 250 "Accounting Changes and Error Corrections" for an identified error related to the amounts recognized for foreign exchange gains and losses associated with its newly acquired SANYO business, which are reported as other income and expense in the consolidated statement of operations.

## ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES

## UNAUDITED CONSOLIDATED BALANCE SHEET

(in millions)

	September 30, 2011	July 1, 2011 <sup>(1)</sup>	December 31, 2010
<b>Assets</b>			
Cash and cash equivalents	\$ 659.3	\$ 756.6	\$ 623.3
Short-term investments	178.4	112.2	—
Receivables, net	539.0	575.8	294.6
Inventories	706.6	749.2	360.8
Other current assets	90.3	86.2	63.6
Deferred income taxes, net of allowances	14.6	16.9	15.7
Total current assets	<u>2,188.2</u>	<u>2,296.9</u>	<u>1,358.0</u>
Restricted cash	—	—	142.1
Property, plant and equipment, net	1,130.8	1,150.9	864.3
Deferred income taxes, net of allowances	72.2	67.4	—
Goodwill	199.2	199.2	191.2
Intangible assets, net	348.3	359.0	303.0
Other assets	73.2	76.4	60.6
Total assets	<u>\$ 4,011.9</u>	<u>\$ 4,149.8</u>	<u>\$ 2,919.2</u>
<b>Liabilities, Minority Interests and Stockholders' Equity</b>			
Accounts payable	\$ 472.6	\$ 537.9	\$ 256.9
Accrued expenses	218.6	221.4	162.6
Income taxes payable	13.8	3.4	5.1
Accrued interest	4.0	0.9	0.8
Deferred income on sales to distributors	188.4	187.7	149.5
Deferred income taxes, net of allowances	69.7	65.2	—
Current portion of long-term debt	288.2	286.7	136.0
Total current liabilities	<u>1,255.3</u>	<u>1,303.2</u>	<u>710.9</u>
Long-term debt	948.8	998.7	752.8
Other long-term liabilities	261.0	247.0	49.3
Deferred income taxes, net of allowances	21.1	22.3	18.2
Total liabilities	<u>2,486.2</u>	<u>2,571.2</u>	<u>1,531.2</u>
ON Semiconductor Corporation stockholders' equity:			
Common stock	5.0	5.0	4.9
Additional paid-in capital	3,102.5	3,098.0	3,016.1
Accumulated other comprehensive loss	(48.5)	(54.5)	(59.1)
Accumulated deficit	(1,159.8)	(1,099.3)	(1,213.9)
Less: treasury stock, at cost	(397.4)	(394.1)	(382.0)
Total ON Semiconductor Corporation stockholders' equity	<u>1,501.8</u>	<u>1,555.1</u>	<u>1,366.0</u>
Minority interest in consolidated subsidiaries	23.9	23.5	22.0
Total equity	<u>1,525.7</u>	<u>1,578.6</u>	<u>1,388.0</u>
Total liabilities and equity	<u>\$ 4,011.9</u>	<u>\$ 4,149.8</u>	<u>\$ 2,919.2</u>

<sup>(1)</sup> The consolidated balance sheet as of July 1, 2011 has been revised in accordance with ASC 250 "Accounting Changes and Error Corrections" for an identified error related to the amounts recognized for foreign exchange gains and losses associated with its newly acquired SANYO business, which impacted accounts payable and accumulated deficit as of July 1, 2011.

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

(in millions)

	Quarter Ended			Nine Months	
	September 30, 2011	July 1, 2011 (1)	October 1, 2010	September 30, 2011	October 1, 2010
Net income (loss)	\$ (49.0)	\$ 35.1	\$ 88.4	\$ 56.0	\$ 231.7
Plus:					
Depreciation and amortization	56.9	57.1	42.4	166.8	122.4
Interest expense	16.9	17.8	14.1	52.5	45.0
Interest income	(0.3)	(0.2)	(0.2)	(0.8)	(0.4)
Income tax provision	17.3	3.2	4.6	21.3	9.4
Net income attributable to minority interest	(0.4)	(0.8)	(0.6)	(1.9)	(2.2)
Restructuring, asset impairments and other, net	3.7	5.1	0.9	21.2	7.0
Non-cash manufacturing expenses	—	30.4	—	80.4	—
Non-cash asset impairment charges	61.2	—	—	61.2	—
Non-cash intangible asset impairment	0.5	—	—	0.5	—
Non-cash pension plan adjustment	5.7	—	—	5.7	—
SANYO inventory valuation adjustment	41.5	—	—	41.5	—
Gain on SANYO Semiconductor acquisition	—	—	—	(58.0)	—
Loss on debt repurchase	5.3	—	—	5.3	0.7
Expensing of appraised inventory fair market value step up	10.6	22.1	1.0	53.0	7.4
Adjusted EBITDA*	<u>169.9</u>	<u>169.8</u>	<u>150.6</u>	<u>504.7</u>	<u>421.0</u>
Increase (decrease):					
Interest expense	(16.9)	(17.8)	(14.1)	(52.5)	(45.0)
Interest income	0.3	0.2	0.2	0.8	0.4
Income tax provision	(17.3)	(3.2)	(4.6)	(21.3)	(9.4)
Net income attributable to minority interest	0.4	0.8	0.6	1.9	2.2
Non-cash pension plan adjustment	(5.7)	—	—	(5.7)	—
SANYO inventory valuation adjustment	(41.5)	—	—	(41.5)	—
Restructuring, asset impairments, and other, net	(3.7)	(5.1)	(0.9)	(21.2)	(7.0)
Expensing of appraised inventory fair market value step up	(10.6)	(22.1)	(1.0)	(53.0)	(7.4)
Stock compensation expense	6.0	10.5	12.2	26.9	41.3
Gain on sale or disposal of fixed assets	(1.8)	(3.0)	(1.5)	(6.9)	(5.2)
Amortization of debt issuance costs and debt discount	0.6	0.6	0.5	1.8	1.9
Provision for excess inventories	14.9	2.1	2.6	18.7	2.7
Non-cash interest expense	8.9	8.9	8.3	26.5	25.3
Deferred income taxes	2.0	(12.4)	1.9	(7.2)	5.3
Other	1.1	0.4	(0.7)	0.5	(1.5)
Changes in operating assets and liabilities	12.6	6.3	(30.5)	8.3	(32.6)
Net cash provided by operating activities	<u>\$ 119.2</u>	<u>\$ 136.0</u>	<u>\$ 123.6</u>	<u>\$ 380.8</u>	<u>\$ 392.0</u>

\* Adjusted EBITDA represents net income (loss) before interest expense, interest income, provision for income taxes, depreciation and amortization expense and special items. We use the adjusted EBITDA measure for internal managerial evaluation purposes, as a means to evaluate period-to-period comparisons and as a performance metric for the vesting/releasing of certain of our performance-based equity awards. Adjusted EBITDA is a non-GAAP financial measure. Regulation G and other provisions of the securities laws regulate the use of financial measures that are not prepared in accordance with generally accepted accounting principles. We believe this measure provides important supplemental information to investors. However, we do not, and you should not, rely on non-GAAP financial measures alone as measures of our performance.

We believe that non-GAAP financial measures reflect an additional way of viewing aspects of our operations that – when taken together with GAAP results and the reconciliations to corresponding GAAP financial measures that we also provide in our press releases – provide a more complete understanding of factors and trends affecting our business. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with non-GAAP financial measures used by ON Semiconductor or other companies, even if they have similar names.

(1) The consolidated statement of operations has been revised in accordance with ASC 250 “Accounting Changes and Error Corrections” for an identified error related to the amounts recognized for foreign exchange gains and losses associated with its newly acquired SANYO business, which are reported as other income and expense in the consolidated statement of operations.

**ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES**  
**ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES**

(in millions, except per share and percentage data)

	Quarter Ended			Nine Months Ended	
	September 30, 2011	July 1, 2011 (1)	October 1, 2010	September 30, 2011	October 1, 2010
<b>Reconciliation of GAAP gross profit to non-GAAP gross profit:</b>					
GAAP gross profit	\$ 261.1	\$ 266.1	\$ 246.5	\$ 769.6	\$ 718.4
Special items:					
a) Expensing of appraised inventory fair market value step up	10.6	22.1	1.0	53.0	7.4
b) Non-cash manufacturing expenses and amortization of intangibles	—	30.9	0.6	81.5	1.8
c) SANYO inventory valuation adjustment	41.5	—	—	41.5	—
d) Pension plan adjustment	1.5	—	—	1.5	—
Total Special items	53.6	53.0	1.6	177.5	9.2
Non-GAAP gross profit	\$ 314.7	\$ 319.1	\$ 248.1	\$ 947.1	\$ 727.6
<b>Reconciliation of GAAP gross margin to non-GAAP gross margin:</b>					
GAAP gross margin	29.1%	29.4%	41.0%	28.8%	41.4%
Special items:					
a) Expensing of appraised inventory fair market value step up	1.2%	2.4%	0.2%	2.0%	0.4%
b) Non-cash manufacturing expenses and amortization of intangibles	0.0%	3.4%	0.1%	3.0%	0.1%
c) SANYO inventory valuation adjustment	4.6%	0.0%	0.0%	1.6%	0.0%
d) Pension plan adjustment	0.2%	0.0%	0.0%	0.1%	0.0%
Total Special items	6.0%	5.9%	0.3%	6.6%	0.5%
Non-GAAP gross margin	35.0%	35.2%	41.3%	35.4%	42.0%
<b>Reconciliation of GAAP net income (loss) to non-GAAP net income:</b>					
GAAP net income (loss) attributable to ON Semiconductor Corporation	\$ (49.4)	\$ 34.3	\$ 87.8	\$ 54.1	\$ 229.5
Special items:					
a) Expensing of appraised inventory fair market value step up — cost of revenues	10.6	22.1	1.0	53.0	7.4
b) Non-cash manufacturing expenses and amortization of intangibles — cost of revenues	—	30.9	0.6	81.5	1.8
c) SANYO inventory valuation adjustment	41.5	—	—	41.5	—
d) Pension plan adjustment — cost of revenues	1.5	—	—	1.5	—
e) Amortization of acquisition related intangible assets — operating expenses	10.6	11.4	7.9	31.7	23.8
f) Pension plan adjustment — operating expenses	4.2	—	—	4.2	—
e) Restructuring, asset impairments and other, net	65.4	5.1	0.9	82.9	7.0
f) Gain on SANYO Semiconductor acquisition	—	—	—	(58.0)	—
g) SANYO Semiconductor acquisition related costs	—	—	—	7.3	—
h) Loss on debt repurchase	5.3	—	—	5.3	0.7
i) Non-cash interest expense	8.9	8.9	8.3	26.5	25.3
j) Cash taxes	11.9	(5.0)	1.3	5.6	1.0
Total Special items	159.9	73.4	20.0	283.0	67.0
Non-GAAP net income	\$ 110.5	\$ 107.7	\$ 107.8	\$ 337.1	\$ 296.5
Non-GAAP net income per share:					
Basic	\$ 0.25	\$ 0.24	\$ 0.25	\$ 0.76	\$ 0.69
Diluted	0.24	0.23	0.25	0.74	0.67
Weighted average common shares outstanding:					
Basic	448.8	446.2	431.6	445.5	430.0
Diluted:	454.8	461.5	439.6	454.3	439.8

Total share-based compensation expense, related to the Company's stock options, restricted stock units, restricted stock awards and employee stock purchase plan is included below.

	Quarter Ended			Nine Months Ended	
	September 30, 2011	July 1, 2011	October 1, 2010	September 30, 2011	October 1, 2010
Cost of revenues	\$ 1.3	\$ 1.7	\$ 4.5	\$ 4.9	\$ 11.1
Research and development	1.6	1.9	2.8	5.5	8.1
Selling and marketing	1.3	1.7	2.9	4.9	7.5
General and administrative	1.8	5.2	2.0	11.6	14.3
Restructuring	—	—	—	—	0.3

Total share-based compensation expense

\$ 6.0

\$ 10.5

\$ 12.2

\$ 26.9

\$ 41.3

### Non-GAAP Measures

To supplement the consolidated financial results prepared under GAAP, ON Semiconductor uses non-GAAP measures which are adjusted from the most directly comparable GAAP results to exclude items related to amortization of intangible assets, amortization of acquisition-related intangibles, expensing of appraised inventory fair market value step up, inventory valuation adjustments, purchased in-process research and development expenses, restructuring, asset impairments and other, net, goodwill impairment charges, gains and losses on debt prepayment, non-cash interest expense, their related tax effects, income tax adjustments to appropriate cash taxes, and certain other special items as necessary. Management does not consider these charges in evaluating the core operational activities of ON Semiconductor. Management uses these non-GAAP measures internally to make strategic decisions, forecast future results and evaluate ON Semiconductor's current performance. Most analysts covering ON Semiconductor use the non-GAAP measures as well. Given management's use of these non-GAAP measures, ON Semiconductor believes these measures are important to investors in understanding ON Semiconductor's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in ON Semiconductor's core business across different time periods. These non-GAAP measures are not in accordance with or an alternative to GAAP financial data and may be different from non-GAAP measures used by other companies. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures, even if they have similar names.

— Non-GAAP gross profit and gross margin. The use of this non-GAAP financial measure allows management to evaluate the gross margin of the company's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash items including expensing of appraised inventory fair market value step up and amortization of intangible assets. In addition, it is an important component of management's internal performance measurement and reward process as it is used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents this non-GAAP financial measure to enable investors and analysts to evaluate our revenue generation performance relative to the direct costs of revenue of ON Semiconductor's core businesses.

— Non-GAAP net income and net income per share. The use of these non-GAAP financial measures allows management to evaluate the operating results of ON Semiconductor's core businesses and trends across different reporting periods on a consistent basis, independent of non-cash items including amortization of intangible assets, amortization of acquisition-related intangibles, expensing of appraised inventory fair market value step up, purchased in-process research and development expenses, restructuring, asset impairments and other, net, goodwill impairment charges, gains and losses on debt prepayment, non-cash interest expense, their related tax effects and certain other special items as appropriate. In addition, they are important components of management's internal performance measurement and reward process as they are used to assess the current and historical financial results of the business, for strategic decision making, preparing budgets and forecasting future results. Management presents these non-GAAP financial measures to enable investors and analysts to understand the results of operations of ON Semiconductor's core businesses and to compare our results of operations on a more consistent basis against that of other companies in our industry.

- (1) The consolidated statement of operations has been revised in accordance with ASC 250 "Accounting Changes and Error Corrections" for an identified error related to the amounts recognized for foreign exchange gains and losses associated with its newly acquired SANYO business, which are reported as other income and expense in the consolidated statement of operations.

**ON SEMICONDUCTOR CORPORATION****CALL SCRIPT FOR****Q3-11 QUARTERLY RESULTS CONFERENCE CALL****KEN RIZVI:**

Thank you \_\_\_\_\_.

Good afternoon and thank you for joining ON Semiconductor Corporation's third quarter 2011 conference call. I am joined today by Keith Jackson, our President and CEO, and Donald Colvin, our CFO. This call is being webcast on the investor relations section of our website at [www.onsemi.com](http://www.onsemi.com) and a replay will be available for approximately 30 days following this conference call, along with our earnings release for the third quarter. The script for today's call is posted on our website and will be furnished via a Form 8-K filing.

Our earnings release and this presentation include certain non-GAAP financial measures. Reconciliations of these non-GAAP financial measures to the most directly comparable measures under GAAP are in our earnings release and posted separately on our website in the investor



relations section. In the upcoming quarter, we will be attending the Credit Suisse Technology Conference on November 30<sup>th</sup>.

**(SAFE HARBOR)**

During the course of this conference call, we will make projections or other forward-looking statements regarding future events or the future financial performance of the company. The words “believe,” “estimate,” “anticipate,” “intend,” “expect,” “plan,” or similar expressions are intended to identify forward-looking statements. We wish to caution that such statements are based on information currently available and are subject to risks and uncertainties that could cause actual events or results to differ materially. Important factors relating to our business, including factors that could cause actual results to differ from our forward-looking statements, are described in our earnings release, Form 10-K, Form 10-Q’s and other filings with the SEC. The factors described in our earnings release include the uncertainties regarding the ongoing impact of the flood in Thailand. Our estimates may change and the company assumes no obligation to update forward-

looking statements to reflect actual results, changed assumptions or other factors.

Now, I would like to turn it over to Keith Jackson who will provide a few comments regarding our operations in Thailand.

**KEITH...**

**KEITH JACKSON:**

Thanks Ken, and thank you to everyone joining us today.

Before going into the details of our third quarter results, I wanted to make a few comments regarding our operations in Thailand that have been impacted by the severe flooding in the country, as well as our announced closure of our Aizu wafer fabrication facility in Japan. The Thailand flood is a natural disaster of an unprecedented scale that has killed hundreds of people, damaged thousands of factories, forced hundreds of thousands of employees out of work and impacted the lives of millions. As we have discussed in prior releases, the relentless flooding in Thailand has had a significant impact to our employees, their families and our operations located in that country. The company has

approximately 1,800 employees and approximately 350 contractors in Thailand, which represents approximately 9 percent of our global workforce. I am grateful that our employees remain safe at this time and our sympathy goes out to the people of Thailand.

We have two main facilities in Thailand. One is located in the Rojana Industrial Park and another is located in an industrial park in Bang Pa In. Our Rojana Industrial Park operations produced approximately 10 to 12 percent of our worldwide output as measured by third quarter 2011 revenues and our operations in Bang Pa In produced approximately 2 to 3 percent of our output as measured by third quarter 2011 revenues. We have not been able to access either of these facilities in Thailand. Today, our preliminary estimation is that we will be able to enter both locations for large scale recovery within the next one to two months with earlier access for the purpose of assessing damage. Site security measures are being coordinated with government and industrial park resources by our local security staff.

During 2011, we have faced two significant sizable natural

disasters—the Japan earthquake and related tsunami in March and the current flooding in Thailand. These events have impacted our overall company. In Japan, we experienced only minor physical damage to our factories as a result of the earthquake and resulting tsunami. Through the strong efforts of our employees, we were able to fully recover our operations in Japan that were negatively impacted by the earthquake within a six month period.

In Thailand, however, our facility in the Rojana Industrial Park remains submerged in over 2 meters of water. Given the length of time the site has been submerged underwater and the indefinite period before we will be able to access the facility, we believe the equipment and inventory at the site may be permanently impaired. The facility we operate in Bang Pa In is also submerged underwater. At that location, however, our equipment is located on the third floor and we are hopeful it can be recovered.

With our employees now safe, the company is focused on bringing online supply and capacity to our customers at other locations within the

internal ON Semiconductor manufacturing network as well as with our external assembly and test partners. Certain products will be sourced from alternative back-end locations before the end of the year, while more complex production alternatives may take multiple quarters. I am grateful for the significant efforts of our teams who are working tirelessly to make this happen.

In addition to utilizing spare capacity at our other global manufacturing network locations, over the course of the next several quarters, we intend to spend a total of approximately \$50 million of incremental capital expenditures to more quickly enable the company to support our customers and their production requirements. The company currently carries approximately \$50 million of insurance related to our Rojana Industrial Park site and has another \$50 million of insurance for our much smaller and probably less damaged Bang Pa In location. We are in the process of working with our insurer on the claims process.

In October, we announced the shutdown of our Aizu factory in Japan. This factory is expected to close by the end of June 2012 and we anticipate approximately \$8 million a quarter in savings with the full benefits being realized beginning in the fourth quarter of 2012. This closure is in addition to our previously announced closures of our Japan factories located in Gunma and Gifu related to our SANYO Semiconductor acquisition and integration. As a company, we continue to migrate to fewer, larger sites and towards 8-inch wafers where appropriate. Although we continue to reduce the number of front-end manufacturing sites, we expect that our overall wafer production capacity in 2013 will be greater than our current capacity.

Now, I would like to turn it over to Donald who will provide an overview of our third quarter results.

**DONALD...**

**DONALD COLVIN:**

Thanks Keith.

While the flood had no impact on our financial results in the third

quarter of 2011, it will impact our financial results in the fourth quarter of 2011 and well into 2012.

For the third quarter of 2011, ON Semiconductor Corporation announced that total revenues were approximately \$898 million, down approximately 1 percent from the second quarter of 2011. During the third quarter of 2011, the company reported a GAAP net loss of \$49.4 million or \$0.11 per fully diluted share. The third quarter GAAP net loss was impacted by \$65.4 million of restructuring, asset impairment and other charges which are primarily related to the restructuring and asset impairment of our announced closure of the Aizu, Japan factory as well as other special items. The complete special items are detailed in schedules included in our earnings release.

GAAP gross margin in the third quarter was 29.1 percent. Included in our GAAP gross margin is approximately \$53.6 million of special items. Non-GAAP gross margin in the third quarter of 2011 was 35.0 percent.

Third quarter 2011 non-GAAP net income was \$110.5 million or

\$0.24 per share on a fully diluted basis.

We exited the third quarter of 2011 with cash, cash equivalents and short-term investments of approximately \$837.7 million. During the quarter, we repurchased \$53.0 million of principal value of our 2.625 percent convertible senior subordinated notes.

At the end of the third quarter, total days sales outstanding were approximately 55 days, down approximately 3 days compared with the second quarter of 2011. Internal inventories were down approximately 6 days to 101 days. Included in our total internal inventory is approximately \$12 million of bridge inventory associated with the shutdown of our factories.

Distribution inventories were approximately 11 to 12 weeks exiting the third quarter. We expect the weeks of inventory at distributors to decrease in the fourth quarter.

Cash capital expenditures during the third quarter of 2011 were approximately \$86 million.

Now I would like to turn it back over to Keith Jackson for



additional comments on the business environment.

**KEITH...**

**KEITH JACKSON:**

Thanks Don. Now for an overview of our end-markets.

**END MARKETS**

During the third quarter of 2011, our end market splits were as follows: the Consumer Electronics end-market represented approximately 28 percent of sales. The Automotive end-market represented approximately 22 percent of sales. The Computing end-market represented approximately 19 percent of sales. The Industrial, Military, Aerospace and Medical end-markets represented approximately 17 percent of sales and the Communications end-market, which includes wireless and networking, represented approximately 14 percent of sales.

**TOP OEM CUSTOMERS**

On a direct billings basis, no individual ON Semiconductor product OEM customer represented more than 5 percent of third quarter

sales. Our top 5 product OEM customers during the third quarter were: Continental Automotive Systems, Panasonic, Delta, Samsung and Sony.

**GEOGRAPHIC SEGMENTS**

On a geographic basis, our contribution from sales in Asia, excluding Japan, represented approximately 57 percent of revenue. Our sales in the Americas represented approximately 15 percent of revenue. Sales in Japan represented approximately 15 percent of revenue and sales in Europe represented approximately 13 percent of revenue during the quarter.

**CHANNEL BREAKOUT**

Looking across the channels, direct sales to OEMs represented approximately 63 percent of third quarter 2011 revenue. Sales through the distribution channel were approximately 31 percent of third quarter revenue and the EMS channel represented approximately 6 percent of revenue.

**REVENUE BREAK-OUT**

During the third quarter, ON Semiconductor revenues broken out

by our product groups were as follows: SANYO Semiconductor Products Group represented approximately 33 percent of sales. The Standard Products Group represented approximately 19 percent of sales. The Automotive and Power Group represented approximately 17 percent of sales. The Digital, Mixed-signal and Memory Product Group represented approximately 17 percent of sales and the Computing and Consumer Group represented approximately 14 percent of sales. We will publish our quarterly revenue, gross profit and operating income break-out of these segments in our Form 10-Q for this period.

**COMPANY/PRODUCT HIGHLIGHTS**

Now, I would like to provide you with an update of the progress we have made during the quarter.

Unrelated to the impact to our facilities from the flooding in Thailand, on October 31<sup>st</sup>, we signed a definitive agreement to purchase a building and related workforce in Vietnam from SANYO Electric for an estimated purchase price of \$8 to \$9 million. This transaction is expected to close by the end of March 2012. We expect to continue to operate out of our

existing location in Vietnam, but will utilize the new building and related workforce for our additional expansion requirements. Once this transaction closes, this new site will enable ON Semiconductor to expand its integrated power module capacity and support the rapid growth we are expecting for that business line. Our existing integrated power module business, which resides within SANYO Semiconductor, is currently generating approximately \$150 million of sales on an annualized basis, primarily focused on the consumer white goods market. Over the next several years, we anticipate additional growth opportunities within the consumer white goods market as well as within the automotive and industrial sectors. We believe the purchase of this Vietnam facility and related workforce will provide a site where ON Semiconductor can more than double our production and related revenues in this business line over the next twenty-four months.

From an end-market perspective, our third quarter Automotive sales were up approximately 3 percent from the second quarter despite scheduled customer plant shutdowns. This was due to key wins from

major automotive customers for our door electronics solutions and our lighting driver and motor controller ICs for headlamp systems.

In addition, we continue to add to our automotive capabilities with new product launches and wins in a variety of automotive applications such as interior lighting control solutions, park assist, anti-lock brake systems, powertrain systems and direct gas injection systems with a number of products including custom ASICs, LED drivers, LDOs, IGBTs and MOSFETs. In the first half of 2012, we expect to see continued strong activity and growth for the automotive end-market in emerging countries and North America and in the luxury vehicle market.

In the Consumer end-market, sales increased sequentially from the second quarter by approximately 3 percent and we continue to make further inroads with our cross-selling activities related to SANYO Semiconductor. During the quarter, we won two key designs with a major LED TV manufacturer for our power supplies.

We also continue to receive awards from our customers and editors for our efficient products and solutions. In the third quarter, we received

a Three Star Supplier Excellence Award from Raytheon Network Centric Systems and an e-Legacy award from Electronic Product Design Magazine in the medical advances category for our precision mixed-signal microcontroller.

Now, I would like to turn it back over to Donald for other comments and our other forward-looking guidance —

**DONALD...**

**DONALD COLVIN:**

Thanks Keith.

**FOURTH QUARTER 2011 OUTLOOK AND OTHER FORWARD LOOKING GUIDANCE**

There are a number of significant factors that are impacting our guidance and will influence our financial performance in the fourth quarter of 2011. As discussed previously, our operations in Thailand remain suspended, we still have no access to our facilities and we are working to bring up production capacity at other locations. In addition,

some of our customers, suppliers and subcontractors have also been impacted by the flooding in that country. We currently estimate that the negative impact to our revenues directly related to the flooding of our Thailand manufacturing facilities is estimated to be approximately \$60 million for the fourth quarter. Our SANYO Semiconductor division will experience the vast majority of this revenue reduction resulting from the Thailand flood. Our overall costs will be negatively impacted by a number of factors including the under absorption of our manufacturing and operating support overhead. Given the fixed cost nature of the SANYO Semiconductor division, we believe the reduction in revenue will result in approximately \$45 million lower total net income for the company in the fourth quarter as a result of the flood in Thailand. In addition, we believe the flood in Thailand will negatively impact our operational earnings per share by approximately \$0.10 in the fourth quarter of 2011. The preceding flood related impact is included in our guidance below.

Our guidance, however, does not include any impact to our suppliers, subcontractors and customers nor any restructuring, asset

impairment or other unusual or incremental charges and expenses we may incur during the fourth quarter as a result of the flood in Thailand and our efforts to restore production capacity. Additionally, our guidance reflects only our current assessment of the Thailand flood situation, and as we have indicated, the situation and our related understanding of its impact to our business continues to change and evolve.

From a cash stand-point, we will attempt to limit our investment in flood mitigation equipment purchases to approximately \$50 million that we expect to receive as part of our insurance claims related to the Rojana Industrial Park facility.

Based upon product booking trends, backlog levels and estimated turns levels, we anticipate that total ON Semiconductor revenues, will be approximately \$740 to \$780 million in the fourth quarter of 2011. This guidance includes the estimated revenue reduction as a result of the flood in Thailand outlined previously. Backlog levels for the fourth quarter of 2011 represent approximately 80 to 85 percent of our



anticipated fourth quarter 2011 revenues.

We expect that average selling prices for the fourth quarter of 2011 will be down approximately three percent compared to the third quarter of 2011.

We expect total cash capital expenditures of approximately \$65 million in the fourth quarter of 2011 and total capital expenditures of approximately \$320 to \$330 million for 2011. For 2012, we currently anticipate capital expenditures of approximately \$225 to \$275 million. This forecast includes the expected \$50 million of additional anticipated capital related to the restoration of capacity post the Thailand flood.

For the fourth quarter of 2011, we expect GAAP gross margin of approximately 26 to 28 percent. Our GAAP gross margin in the fourth quarter will be negatively impacted by, among other items, lower sales as a result of the flood in Thailand, the SANYO inventory valuation adjustment and the expensing of appraised inventory fair market value step-up associated with our acquisitions of approximately \$24 million. We expect non-GAAP gross margin of approximately 29 to 31 percent

in the fourth quarter. Our gross margin will be negatively impacted by lower sales as a result of the inventory correction occurring within the overall semiconductor supply chain as well as the flood in Thailand and the associated under absorption of our manufacturing network. We also expect total GAAP operating expenses of approximately \$195 to \$205 million. Our GAAP operating expenses include the amortization of intangibles, restructuring, asset impairments and other charges which are expected to total approximately \$15 million.

We expect total non-GAAP operating expenses of approximately \$180 to \$190 million. We anticipate GAAP net interest expense and other expenses will be approximately \$22 million for the fourth quarter of 2011, which includes non-cash interest expense of approximately \$9 million. We anticipate our non-GAAP net interest expense and other expenses will be approximately \$13 million. GAAP taxes are expected to be approximately \$2 to \$4 million and cash taxes are expected to be approximately \$4 to \$6 million. We also expect stock based compensation expense of approximately \$6 million in the fourth quarter

of 2011, of which approximately \$1 million is expected to be in cost of goods sold and the remaining in operating expenses. This expense is included in our non-GAAP financial measures.

We believe the current inventory correction should be over by the end of the fourth quarter of 2011. As previously announced we expect the negative impact of the Thailand flood to continue well into 2012. We are taking actions to offset this loss of manufacturing capacity. By the end of December 2011, we should have better visibility on our recovery plan for 2012. We currently believe we have excess manufacturing and operating overhead as a result of the impact of the flood in Thailand. We will complete a review of our overhead costs by the end of the fourth quarter of 2011 in order to begin to align our cost structure with our target operating model.

Unless otherwise noted, our guidance does not include any restructuring, asset impairment or other unusual or incremental charges and expenses we may incur during the fourth quarter as a result of the flood in Thailand and our efforts to restore production capacity.

Our current fully diluted share count is approximately 455 million shares based on the current stock price. Further details on share count and EPS calculations are provided regularly in our quarterly and annual reports on Form 10-Q and Form 10-K.

With that, I would like to start the Q&A session.

Thank you and “\_\_\_\_\_” please open up the line for questions.