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

FORM 8-K

CURRENT REPORT

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

February 3, 2011

Date of report (Date of earliest event reported)

ON Semiconductor Corporation

(Exact name of registrant as specified in charter)

Delaware
(State or other jurisdiction
of incorporation)

000-30419
(Commission File Number)

36-3840979
(I.R.S. Employer
Identification Number)

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.)

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 February 3, 2011, ON Semiconductor Corporation (the “Company”) announced in a news release its financial performance for the fourth quarter and year ended December 31, 2010 and other related material information (“Earnings Release”). A copy of the Company’s Earnings Release is attached hereto as Exhibit 99.1 and incorporated herein by reference.

On February 3, 2011, following the release of the Earnings Release, the Company will hold a live conference call at 8:00 a.m. Eastern Time (EST) to discuss its financial performance for the quarter and year ended December 31, 2010 and other related material information. A copy of the script for this call is attached as Exhibit 99.2 and incorporated by reference. The call script includes 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 Company’s 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 38507786. The Company will provide a dial-in replay approximately one hour following the live broadcast that will continue through approximately February 10, 2011. To listen to the teleconference replay, call (800) 642-1687 (U.S./Canada) or (706) 645-9291 (International). You will be required to provide the Conference ID Number – which is 38507786.

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 February 3, 2011, announcing financial performance for the fourth quarter and year ended December 31, 2010
99.2	Conference call script for February 3, 2011 regarding ON Semiconductor Corporation’s financial performance for the fourth quarter and year ended December 31, 2010

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: February 3, 2011

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

EXHIBIT INDEX

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ON Semiconductor®

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ON Semiconductor Reports Fourth Quarter and 2010 Annual Results

For the fourth quarter of 2010, highlights include:

- Total revenues of approximately \$579.2 million
- GAAP gross margin of 41.0 percent
- Non-GAAP gross margin of 41.2 percent
- GAAP net income of \$0.14 per fully diluted share
- Non-GAAP net income of \$0.22 per fully diluted share which includes stock-based compensation expense
- Record low net debt position of approximately \$123 million

For 2010, highlights include:

- Record total revenues of approximately \$2.313 billion, up approximately 31 percent compared to 2009
- Record adjusted EBITDA of \$566.4 million
- GAAP net income of \$0.65 per fully diluted share
- Non-GAAP net income of \$0.89 per fully diluted share which includes stock-based compensation expense

PHOENIX, Ariz. – Feb. 3, 2011 – ON Semiconductor Corporation (Nasdaq: ONNN) today announced that total revenues in the fourth quarter of 2010 were \$579.2 million, a decrease of approximately 4 percent from the third quarter of 2010. During the fourth quarter of 2010, the company reported GAAP net income of \$61.0 million, or \$0.14 per fully diluted share. The fourth quarter 2010 GAAP net income included net charges of \$38.2 million, or \$0.09 per fully diluted share, from special items. The special item details can be found in the attached schedules. During the third quarter of 2010, the company reported a GAAP net income of \$87.8 million, or \$0.20 per fully diluted share.

Fourth quarter 2010 non-GAAP net income was \$99.2 million, or \$0.22 per share on a fully diluted basis, and includes stock-based compensation expense. Third quarter 2010 non-GAAP net income was \$107.8 million, or \$0.25 per share on a fully diluted basis, and includes stock-based compensation expense. A reconciliation of these non-GAAP financial measures (and other non-GAAP measures used elsewhere in this release, such as non-GAAP gross margin, adjusted EBITDA and net debt) 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/>.

– more –

On a mix-adjusted basis, average selling prices in the fourth quarter of 2010 were down approximately one percent when compared to the third quarter of 2010. GAAP gross margin in the fourth quarter was 41.0 percent. Non-GAAP gross margin in the fourth quarter of 2010 was 41.2 percent and includes stock-based compensation expense. GAAP gross margin in the fourth quarter included a net charge of approximately \$1.2 million, or approximately 20 basis points, from special items. The special item details can be found in the attached schedules.

Adjusted EBITDA for the fourth quarter of 2010 was \$145.4 million and includes stock-based compensation expense. Adjusted EBITDA for the third quarter of 2010 was \$150.6 million and includes stock-based compensation expense.

Total revenues for 2010 were approximately \$2.313 billion, an increase of 31 percent from approximately \$1.769 billion in 2009. During 2010, the company reported GAAP net income of \$290.5 million, or \$0.65 per fully diluted share. The 2010 GAAP net income included net charges of \$105.3 million from special items. During 2009, the company reported GAAP net income of \$61.0 million, or \$0.14 per fully diluted share. The 2009 GAAP net income included net charges of \$104.9 million from special items. The special item details can be found in the attached schedules.

The non-GAAP net income for 2010 was \$395.8 million, or \$0.89 per share on a fully diluted basis and includes stock-based compensation expense. The non-GAAP net income for 2009 was \$165.9 million, or \$0.38 per share on a fully diluted basis, and includes stock-based compensation expense.

The company's GAAP gross margin in 2010 was 41.3 percent. GAAP gross margin in 2010 included a net charge of approximately \$10.4 million, or approximately 50 basis points from special items. Non-GAAP gross margin in 2010 was 41.8 percent including stock-based compensation expense. The company's GAAP gross margin in 2009 was 35.1 percent. GAAP gross margin in 2009 included a net charge of approximately \$13.8 million, or approximately 80 basis points from special items. Non-GAAP gross margin in 2009 was 35.9 percent including stock-based compensation expense. The special item details can be found in the attached schedules.

"We achieved strong financial results in 2010 and continue to make great progress in our vision of becoming a premier global supplier of high-performance, silicon solutions for energy efficient electronics," said Keith Jackson, ON Semiconductor president and CEO. "We continue to transform our product portfolio and improve our value proposition to customers. In 2010, over 50 percent of our sales came from sole-sourced products, a record for the company. In addition, we achieved the highest annual revenues, gross margins and adjusted EBITDA in the company's history as a public company. Marking another milestone, we exited the year with our highest cash and cash equivalents balance as well as our lowest net debt position. Building on this strength, we closed the acquisition of SANYO Semiconductor subsequent to the year end. This transaction enables ON Semiconductor to expand into the Japanese market and broadens our product portfolio, adding new capabilities from microcontrollers and custom application specific integrated circuits (ASICs) to integrated power modules and motor control devices. We also recently announced the signing of a definitive agreement to acquire the CMOS Image Sensor Business Unit from Cypress Semiconductor Corporation for approximately \$31.4 million. The acquisition will position ON Semiconductor as a leading supplier of ultra-high-speed CMOS image sensors and a top 10 supplier of image sensors worldwide. As we enter 2011, we are excited about the growth prospects of ON Semiconductor and our ability to continue delivering high value products to our global customer base."

FIRST QUARTER 2011 OUTLOOK

“Based upon product booking trends, backlog levels and estimated turns levels, we anticipate that historical ON Semiconductor revenues (excluding revenues from SANYO Semiconductor) will be approximately \$570 to \$590 million in the first quarter of 2011,” Jackson said. “Backlog levels at the beginning of the first quarter of 2011 represent over 90 percent of our anticipated first quarter 2011 revenues. We expect that average selling prices for the first quarter of 2011 will be down approximately one to two percent when compared to the fourth quarter of 2010. The non-GAAP outlook for the first quarter of 2011 includes stock-based compensation expense of approximately \$11 to \$13 million.”

The following table outlines historical ON Semiconductor’s first quarter 2011 GAAP and non-GAAP outlook (excluding the expected results of SANYO Semiconductor).

ON SEMICONDUCTOR Q1 2011 BUSINESS OUTLOOK (Excludes expected results of SANYO Semiconductor)

	GAAP	Special Items ***	Non-GAAP****
Revenue	\$570 to \$590 million		\$570 to \$590 million
Gross Margin	40% to 41%	\$1 million	40% to 41%
Operating Expenses	\$137 to \$141 million	\$10 million	\$127 to \$131 million
Net Interest Expense / Other Expenses	\$10 million		\$10 million
Convertible Notes, Non-cash Interest Expense*	\$9 million	\$9 million	\$0 million
Tax	\$4 million	\$1 million	\$3 million
Fully Diluted Share Count **	460 million		460 million

In addition to our normal guidance for historical ON Semiconductor (which excludes the expected results from SANYO Semiconductor), we anticipate that SANYO Semiconductor will add approximately \$260 to \$285 million of incremental revenue to ON Semiconductor’s revenue guidance outlined above. We currently anticipate that the SANYO Semiconductor business will generate GAAP operating losses in the first quarter of 2011 from among other items, purchase accounting and acquisition related costs, but anticipate that the SANYO Semiconductor business will generate non-GAAP operating profits in the range of zero to five percent of SANYO Semiconductor sales in the first quarter of 2011. Given the recent close of the transaction, we are still finalizing the purchase accounting associated with the transaction. We should be in a position to provide more details regarding the financials of SANYO Semiconductor on our next call.*****

* Convertible Notes, Non-cash Interest Expense are included in 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 the sale of treasury shares. Please refer to the table on our website for potential changes to the Fully Diluted Share Count.

*** Special Items can include: restructuring, asset impairments and other, net; expensing of appraised inventory fair market value (FMV) step up; amortization of intangibles; goodwill impairments; income tax adjustments to approximate cash taxes; non-cash interest expense and certain other special items as necessary.

**** 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 8:00 a.m. Eastern Time (ET) on Feb 3, 2011 to discuss this announcement and ON Semiconductor's results for the fourth quarter and 2010 annual results. 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 38507786. Approximately one hour following the live broadcast, the company will provide a dial-in replay that will continue to be available through Feb 10, 2011. To listen to the teleconference replay, call (800) 642-1687 (U.S./Canada) or (706) 645-9291 (International). You will be required to provide the Conference ID Number – which is 38507786.

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. These forward-looking statements include, but are not limited to, statements related to the future financial performance of ON Semiconductor. These forward-looking statements are based on information available to us as of the date of this release, our current expectations, forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. In particular, such risks and uncertainties include, but are not limited to, difficulties encountered in integrating acquired businesses; difficulties in accurately predicting the future financial performance of recently acquired businesses, such as SANYO Semiconductor; the variable demand and the aggressive pricing environment for semiconductor products; dependence on our company's ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality for our

current products; the adverse impact of competitive product announcements; revenues and operating performance; poor economic conditions and markets, including the current credit markets; the cyclical nature of the semiconductor industry; changes in demand for our products; changes in inventories at customers and distributors; technological and product development risks; availability of raw materials; competitors' actions; pricing and gross margin pressures; loss of key customers; order cancellations or reduced bookings; changes in manufacturing yields; control of costs and expenses; significant litigation; risks 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; effects of exchange rate fluctuations and changes in the economy and our business; risks associated with leverage and restrictive covenants in debt agreements; risks associated with international operations, including foreign employment and labor matters associated with unions and collective bargaining agreements; the threat or occurrence of international armed conflict and terrorist activities both in the United States and internationally; risks related to new legal requirements; risks and costs associated with increased and new regulation of corporate governance and disclosure standards; 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, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of our filings with the Securities and Exchange Commission. 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			Year Ended	
	December 31, 2010	October 1, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net revenues	\$ 579.2	\$ 600.7	\$ 497.1	\$ 2,313.4	\$ 1,768.9
Cost of revenues	341.6	354.2	302.5	1,357.4	1,148.2
Gross profit	237.6	246.5	194.6	956.0	620.7
Gross margin	41.0%	41.0%	39.1%	41.3%	35.1%
Operating expenses:					
Research and development	59.4	63.3	50.7	248.0	198.8
Selling and marketing	38.0	35.5	33.5	145.6	120.9
General and administrative	31.9	31.2	20.1	129.9	104.5
Amortization of acquisition related intangible assets	7.9	7.9	7.2	31.7	29.0
Restructuring, asset impairments and other, net	3.5	0.9	(0.7)	10.5	24.9
Goodwill and intangible asset impairment charges	16.1	—	—	16.1	—
Total operating expenses	156.8	138.8	110.8	581.8	478.1
Operating income	80.8	107.7	83.8	374.2	142.6
Other income (expenses), net:					
Interest expense	(16.4)	(14.1)	(15.4)	(61.4)	(64.6)
Interest income	0.1	0.2	0.1	0.5	0.8
Other	0.1	(0.8)	(0.5)	(6.9)	(4.7)
Loss on debt repurchase	—	—	—	(0.7)	(3.1)
Other expenses, net	(16.2)	(14.7)	(15.8)	(68.5)	(71.6)
Income before income taxes	64.6	93.0	68.0	305.7	71.0
Income tax (provision) benefit	(3.4)	(4.6)	0.4	(12.8)	(7.7)
Net income	61.2	88.4	68.4	292.9	63.3
Net income attributable to minority interest	(0.2)	(0.6)	(0.4)	(2.4)	(2.3)
Net income attributable to ON Semiconductor Corporation	\$ 61.0	\$ 87.8	\$ 68.0	\$ 290.5	\$ 61.0
Net income per common share attributable to ON Semiconductor Corporation:					
Basic:	\$ 0.14	\$ 0.20	\$ 0.16	\$ 0.67	\$ 0.14
Diluted:	\$ 0.14	\$ 0.20	\$ 0.15	\$ 0.65	\$ 0.14
Weighted average common shares outstanding:					
Basic	434.2	431.6	426.0	431.0	420.8
Diluted:	447.5	439.8	442.9	444.4	432.1

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
UNAUDITED CONSOLIDATED BALANCE SHEET
(in millions)

	December 31, 2010	October 1, 2010	December 31, 2009
Assets			
Cash, cash equivalents and short-term investments	\$ 623.3	\$ 562.9	\$ 571.2
Receivables, net	294.6	314.3	260.9
Inventories, net	360.8	350.8	269.9
Other current assets	63.6	52.9	51.5
Deferred income taxes, net of allowances	15.7	14.8	15.1
Total current assets	<u>1,358.0</u>	<u>1,295.7</u>	<u>1,168.6</u>
Restricted cash	142.1	—	5.9
Property, plant and equipment, net	864.3	820.5	705.5
Goodwill	191.2	198.2	175.4
Intangible assets, net	303.0	318.6	298.7
Other assets	60.6	61.5	60.2
Total assets	<u>\$ 2,919.2</u>	<u>\$ 2,694.5</u>	<u>\$ 2,414.3</u>
Liabilities and Stockholders' Equity			
Accounts payable	\$ 256.9	\$ 250.9	\$ 172.9
Accrued expenses	162.6	149.1	135.5
Income taxes payable	5.1	2.4	5.0
Accrued interest	0.8	4.5	0.9
Deferred income on sales to distributors	149.5	134.5	98.8
Current portion of long-term debt	136.0	135.8	205.9
Total current liabilities	<u>710.9</u>	<u>677.2</u>	<u>619.0</u>
Long-term debt	752.8	650.2	727.6
Other long-term liabilities	49.3	46.4	49.3
Deferred income taxes, net of allowances	18.2	18.1	13.8
Total liabilities	<u>1,531.2</u>	<u>1,391.9</u>	<u>1,409.7</u>
ON Semiconductor Corporation stockholders' equity:			
Common stock	4.9	4.8	4.7
Additional paid-in capital	3,016.1	2,987.7	2,916.6
Accumulated other comprehensive loss	(59.1)	(59.6)	(64.9)
Accumulated deficit	(1,213.9)	(1,274.9)	(1,504.4)
Less: treasury stock, at cost	(382.0)	(377.2)	(367.0)
Total ON Semiconductor Corporation stockholders' equity	<u>1,366.0</u>	<u>1,280.8</u>	<u>985.0</u>
Minority interest in consolidated subsidiaries	22.0	21.8	19.6
Total equity	<u>1,388.0</u>	<u>1,302.6</u>	<u>1,004.6</u>
Total liabilities and equity	<u>\$ 2,919.2</u>	<u>\$ 2,694.5</u>	<u>\$ 2,414.3</u>

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

(in millions)

	Quarter Ended			Year Ended	
	December 31, 2010	October 1, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Net income	\$ 61.2	\$ 88.4	\$ 68.4	\$ 292.9	\$ 63.3
Plus:					
Depreciation and amortization	44.5	42.4	38.0	166.9	155.6
Interest expense	16.4	14.1	15.4	61.4	64.6
Interest income	(0.1)	(0.2)	(0.1)	(0.5)	(0.8)
Income tax provision (benefit)	3.4	4.6	(0.4)	12.8	7.7
Net income attributable to minority interest	(0.2)	(0.6)	(0.4)	(2.4)	(2.3)
Non-cash impairment charges	16.1	—	0.7	16.1	6.3
Restructuring, asset impairments and other, net	3.5	0.9	(0.7)	10.5	24.9
Loss on debt repurchase	—	—	—	0.7	3.1
Expensing of appraised inventory fair market value step up	0.6	1.0	3.3	8.0	11.5
Adjusted EBITDA*	145.4	150.6	124.2	566.4	333.9
Increase (decrease):					
Interest expense	(16.4)	(14.1)	(15.4)	(61.4)	(64.6)
Interest income	0.1	0.2	0.1	0.5	0.8
Income tax (provision) benefit	(3.4)	(4.6)	0.4	(12.8)	(7.7)
Net income attributable to minority interest	0.2	0.6	0.4	2.4	2.3
Restructuring, asset impairments, and other, net	(3.5)	(0.9)	0.7	(10.5)	(24.9)
Expensing of appraised inventory fair market value step up	(0.6)	(1.0)	(3.3)	(8.0)	(11.5)
Stock compensation expense	11.2	12.2	11.9	52.5	54.2
Gain on sale or disposal of fixed assets	(1.7)	(1.5)	(1.7)	(6.9)	(3.9)
Amortization of debt issuance costs and debt discount	0.6	0.5	0.7	2.5	3.1
Provision for excess inventories	7.3	2.6	4.7	10.0	20.4
Non-cash interest expense	8.4	8.3	8.3	33.7	34.9
Cash portion of loss on debt repurchase	—	—	—	—	(2.4)
Deferred income taxes	(2.7)	1.9	1.6	2.6	0.7
Other	(0.3)	(0.7)	2.3	(1.8)	0.7
Changes in operating assets and liabilities	15.2	(30.5)	(32.6)	(17.4)	(59.1)
Net cash provided by operating activities	<u>\$ 159.8</u>	<u>\$ 123.6</u>	<u>\$ 102.3</u>	<u>\$ 551.8</u>	<u>\$ 276.9</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 performance metric for the vesting/releasing of certain of our performance based equity awards, and for earning of corporate cash bonuses when applicable. 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. We use this measure, 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 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 our company or other companies, even if they have similar names.

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
ANALYSIS OF GAAP VERSUS NON-GAAP DISCLOSURES
(in millions, except per share and percentage data)

	Quarter Ended			Year Ended	
	December 31, 2010	October 1, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Reconciliation of GAAP gross profit to non-GAAP gross profit:					
GAAP gross profit	\$ 237.6	\$ 246.5	\$ 194.6	\$ 956.0	\$ 620.7
Special items:					
a) Expensing of appraised inventory fair market value step up	0.6	1.0	3.3	8.0	11.5
b) Amortization of intangibles	0.6	0.6	0.6	2.4	2.3
Total Special items	1.2	1.6	3.9	10.4	13.8
Non-GAAP gross profit	\$ 238.8	\$ 248.1	\$ 198.5	\$ 966.4	\$ 634.5
Reconciliation of GAAP gross margin to non-GAAP gross margin:					
GAAP gross margin	41.0%	41.0%	39.1%	41.3%	35.1%
Special items:					
a) Expensing of appraised inventory fair market value step up	0.1%	0.2%	0.7%	0.3%	0.7%
b) Amortization of intangibles	0.1%	0.1%	0.1%	0.2%	0.1%
Total Special items	0.2%	0.3%	0.8%	0.5%	0.8%
Non-GAAP gross margin	41.2%	41.3%	39.9%	41.8%	35.9%
Reconciliation of GAAP income to non-GAAP net income:					
GAAP net income attributable to ON Semiconductor Corporation	\$ 61.0	\$ 87.8	\$ 68.0	\$ 290.5	\$ 61.0
Special items:					
a) Expensing of appraised inventory fair market value step up - cost of revenues	0.6	1.0	3.3	8.0	11.5
b) Amortization of intangible assets - cost of revenues	0.6	0.6	0.6	2.4	2.3
c) Amortization of acquisition related intangible assets - operating expenses	7.9	7.9	7.2	31.7	29.0
d) Restructuring, asset impairments and other, net	3.5	0.9	(0.7)	10.5	24.9
e) Goodwill and intangible impairment	16.1	—	—	16.1	—
f) Loss on debt prepayment	—	—	—	0.7	3.1
g) Non-cash interest expense	8.4	8.3	8.3	33.7	34.9
h) Cash taxes	1.1	1.3	(1.8)	2.2	(0.8)
Total Special items	38.2	20.0	16.9	105.3	104.9
Non-GAAP net income	\$ 99.2	\$ 107.8	\$ 84.9	\$ 395.8	\$ 165.9
Non-GAAP net income per share:					
Basic	\$ 0.23	\$ 0.25	\$ 0.20	\$ 0.92	\$ 0.39
Diluted	\$ 0.22	\$ 0.25	\$ 0.19	\$ 0.89	\$ 0.38
Weighted average common shares outstanding:					
Basic	434.2	431.6	426.0	431.0	420.8
Diluted:	447.5	439.8	442.9	444.4	432.1

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			Year Ended	
	December 31, 2010	October 1, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Cost of revenues	\$ 3.0	\$ 4.5	\$ 3.1	\$ 14.1	\$ 13.7
Research and development	2.4	2.8	2.5	10.5	10.7
Selling and marketing	2.2	2.9	1.9	9.7	8.8
General and administrative	3.6	2.0	4.4	17.9	21.0
Restructuring	—	0.1	—	0.5	—
Total share-based compensation expense	\$ 11.2	\$ 12.3	\$ 11.9	\$ 52.7	\$ 54.2

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

Reconciliation of non-GAAP net debt:

	December 31, 2010	October 1, 2010	December 31, 2009
Current portion of long-term debt	136.0	135.8	205.9
Long-term debt	752.8	650.2	727.6
Cash, cash equivalents and short-term investments	(623.3)	(562.9)	(571.2)
Restricted cash	(142.1)	—	(5.9)
Total net debt	123.4	223.1	356.4

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, 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 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 allow 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 necessary. In addition, they are important components of management's internal performance measurement and reward 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.

— Non-GAAP net debt. The use of this non-GAAP financial measure allows management to measure ON Semiconductor's ability to reduce debt, add to cash balances, repurchase stock, and fund investing and financing activities. Net debt is defined as total debt minus cash, cash equivalents and short-term investments and restricted cash. A reconciliation of net debt is provided above.

ON SEMICONDUCTOR CORPORATION**CALL SCRIPT FOR****Q4-10 and 2010 ANNUAL RESULTS CONFERENCE CALL****KEN RIZVI:**

Thank you ____.

Good afternoon and thank you for joining ON Semiconductor Corporation's fourth quarter and 2010 annual results 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 and a replay will be available for approximately 30 days following this conference call, along with our earnings release for the fourth quarter and year ended 2010. 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 Goldman Sachs Technology and Internet Conference on February 15th and presenting at the Morgan Stanley Technology, Media and Telecom Conference on March 3rd.

(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 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 Form 10-K, Form 10-Q’s and other filings with the SEC. The company assumes no

obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.

Now, let's hear from Donald Colvin, who will provide an overview of the fourth quarter and 2010 annual results.

DONALD...

DONALD COLVIN:

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

ON Semiconductor Corporation today announced that total revenues in the fourth quarter of 2010 were approximately \$579.2 million, a decrease of approximately four percent from the third quarter of 2010. During the fourth quarter of 2010, the company reported GAAP net income of \$61.0 million or \$0.14 per fully diluted share. The fourth quarter 2010 GAAP net income included net charges of \$38.2 million, or \$0.09 per fully diluted share, from special items, which are detailed in schedules included in our earnings press release.

GAAP gross margin in the fourth quarter was 41.0 percent. Non-GAAP gross margin in the fourth quarter of 2010 was 41.2 percent.

Fourth quarter 2010 non-GAAP net income was \$99.2 million or \$0.22 per share on a fully diluted basis and includes stock based compensation expense.

We exited the fourth quarter of 2010 with cash, cash equivalents and restricted cash of approximately \$765.4 million, an increase of approximately \$203 million from the previous quarter. We also exited the quarter with the lowest net debt position in the company's history at approximately \$123 million.

At the end of the fourth quarter, total days sales outstanding were approximately 46 days, down approximately two days compared with the third quarter of 2010. ON Semiconductor's internal inventory increased slightly from third quarter levels on a days basis to approximately 96 days. Included in our total internal inventory is approximately \$16 million of bridge inventory related to our announced closures of front-end manufacturing lines. Net of the bridge inventory, our inventory days would have been approximately

92 days in the fourth quarter.

As expected, distribution inventories increased slightly to approximately 10 weeks exiting the fourth quarter.

Cash capital expenditures during the fourth quarter of 2010 were approximately \$43 million bringing 2010 capital expenditures to approximately \$189 million. We currently anticipate total capital expenditures for 2011 of approximately \$250 million.

Now I would like to turn it 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 fourth quarter of 2010, our end market splits were as follows: the Computing end-market represented approximately 23 percent of fourth quarter 2010 sales. The Automotive end-market represented approximately 22 percent of fourth quarter sales. The Industrial,

Military and Aerospace end-market represented approximately 19 percent of sales. The Consumer Electronics end-market represented approximately 16 percent of sales. The Communications end-market, which includes wireless and networking, represented approximately 16 percent of sales and the Medical end-market represented approximately 4 percent of sales.

TOP OEM CUSTOMERS

On a direct billings basis, no individual ON Semiconductor product OEM customer represented more than 6 percent of fourth quarter sales. Our top 5 product OEM customers during the fourth quarter were: Continental Automotive Systems, Delta, Hella, Motorola and Samsung.

GEOGRAPHIC SEGMENTS

On a geographic basis, our contribution from sales in Asia represented approximately 62 percent of revenue. Our sales in the Americas represented approximately 21 percent of revenue and Europe represented approximately 17 percent of revenue during the quarter.

CHANNEL BREAKOUT

Looking across the channels, direct sales to OEMs represented approximately 45 percent of fourth quarter 2010 revenue. Sales through the distribution channel were approximately 45 percent of fourth quarter revenue and the EMS channel represented approximately 10 percent of revenue.

REVENUE BREAK-OUT

During the fourth quarter, ON Semiconductor revenues broken out by our product groups were as follows. The Standard Products Group represented approximately 34 percent of sales. The Automotive and Power Group represented approximately 23 percent of sales. The Computing and Consumer Group represented approximately 23 percent of sales and the Digital & Mixed-signal Product Group represented approximately 20 percent of sales. We will publish our quarterly and yearly revenue, gross margin and operating margin break-out of these segments in our Form 10-K filings for the year ended December 31, 2010.

COMPANY/PRODUCT HIGHLIGHTS

Now, I would like to provide you with some details of other progress we have made:

Following the fourth quarter of 2010, we closed on the acquisition of **SANYO Semiconductor**. The addition of SANYO Semiconductor expands both our product portfolio and our global market reach into Japan. The SANYO Semiconductor portfolio also adds new capabilities to our offerings ranging from microcontrollers and custom ASICs to integrated power modules and motor control devices for the consumer, automotive and industrial end-markets.

We began our initial dialogue with SANYO Semiconductor approximately one year ago. Since then we have finalized overall manufacturing, operational and cross-selling strategies with their team and are in the execution phase of the integration which will take place over the next 18 to 24 months.

Last week we also signed a definitive agreement to acquire the **CMOS Image Sensor Business Unit** from **Cypress Semiconductor**.

We expect this acquisition to solidify our position as a leading supplier of CMOS Image Sensor products. In particular, the two-dimensional high-speed CMOS image sensors acquired from Cypress should significantly strengthen and compliment ON Semiconductor's existing image sensor products for the industrial, medical, computing and military/aerospace markets. We expect to complete this acquisition during the first quarter of 2011.

And now I'd like to turn to our end-market and product line results:

The **Automotive** end-market achieved record sales in the fourth quarter, as well as record annual sales in 2010. Fourth quarter automotive end-market sales were up approximately 11 percent while annual sales expanded approximately 48 percent from 2009. In 2010, growth in the automotive market was fueled by overall unit growth as well as the continued proliferation of electronics into automobiles ranging from entry level to luxury models. This has driven strong demand for our powertrain, automotive body and safety solutions.

In the fourth quarter, we also saw continued adoption of our ASICs for parking assistance and position sensors. In addition, during the quarter, we received the “Semiconductor Supplier of the Year Award” from Yangfeng Visteon, the largest automotive electronics supplier in China. We are starting to see the early benefits from the opening of our Automotive Solutions Engineering Center (SEC) in China. Looking into the first quarter, we believe we will continue to see strength from this end-market.

Revenues in the **Industrial, Military and Aerospace** end-market grew sequentially in the fourth quarter by approximately two percent and annual sales grew by approximately 35 percent to record levels in 2010. During the year, we saw growth from heavy industrial applications such as factory automation as well as circuit breaking and motor control devices. As we enter 2011, we expect to see continued growth in applications such as smart metering, energy efficient building management products such as lighting control and HVAC, and in-building networks such as security systems and fire-protection systems.

In the fourth quarter, the **Communications** end-market, which includes both **wireless** and **networking** experienced revenue declines of approximately four percent when compared to the third quarter of 2010.

In the **wireless** segment, revenue decreased, as expected, primarily due to lower overall unit sales during the quarter. We believe as we enter 2011, we are well positioned with multiple products for the next generation of smart phone applications. In the fourth quarter, we began shipping new power and thermal management products for the smart phone market as well as our first micro USB integrated circuits for this segment. We can now support up to \$3.50 per smart phone with a full suite of products including our protection and filtering devices, audio amplifiers, LED drivers, dc-dc converters, USB switches, MOSFETs and medium scale subsystem IC integration devices.

In the **networking** segment, quarterly revenues were down slightly compared to the third quarter of 2010. As we look into 2011, we expect to see increased penetration of our custom ASICs and array of precision clock and timing products, as well as the ongoing build-out of

networking infrastructure in China and India.

In the **Computing** end-market, as expected, we saw fourth quarter revenues down sequentially by approximately 11 percent. Annual revenues in 2010, however, grew by approximately 28 percent to record levels driven by continued proliferation of our products such as our energy efficient power management solutions, buck and boost converters, MOSFETs, audio amplifiers, protection devices, thermal products and standard products. We can now support up to \$2.50 per tablet, up to \$8 per notebook and more than \$10 of content for high-end desktop computers with our full suite of products. While we experienced a sub-seasonal decline during the back half of 2010 for this segment, we are optimistic that the computing end-market related inventory correction is behind us and expect to see revenues stabilize in the first quarter of 2011.

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.

FIRST QUARTER 2011 OUTLOOK

Based upon product booking trends, backlog levels and estimated turns levels, we anticipate that historical ON Semiconductor revenues, which exclude revenues from SANYO Semiconductor, will be approximately \$570 to \$590 million in the first quarter of 2011. This revenue guidance is better than normal seasonality and is supported by the backlog entering the quarter. Backlog levels at the beginning of the first quarter of 2011 represent over 90 percent of our anticipated first quarter 2011 revenues. In addition, based on current trends, we anticipate that backlog levels at the beginning of the second quarter of 2011 will be higher than those at the beginning of the first quarter.

We expect that average selling prices for the first quarter of 2011 will be down approximately one to two percent compared to the fourth quarter of 2010.

We expect total cash capital expenditures of approximately \$70 to \$80 million in the first quarter of 2011 of which approximately \$10 to \$20 million is related to carry forwards from 2010.

For the first quarter of 2011, we expect GAAP and non-GAAP gross margin of approximately 40 to 41 percent. We also expect total GAAP operating expenses of approximately \$137 million to \$141 million. Our GAAP operating expenses include the amortization of intangibles, restructuring, asset impairments and other charges which total approximately \$10 million. We also expect total non-GAAP operating expenses of approximately \$127 to \$131 million. We anticipate GAAP net interest expense and other expenses will be approximately \$19 million for the first 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 \$10 million. GAAP taxes are expected to be approximately \$4 million and cash taxes are expected to be approximately \$3 million. We also expect stock based

compensation expense of approximately \$11 to \$13 million in the first quarter of 2011, of which approximately \$3 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.

Our current fully diluted share count is approximately 460 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.

In addition to our normal guidance for historical ON Semiconductor, which excludes the expected results from SANYO Semiconductor, we anticipate that SANYO Semiconductor will add approximately \$260 to \$285 million of incremental revenue to ON Semiconductor's revenue guidance outlined before. We currently anticipate that the SANYO Semiconductor business will generate GAAP operating losses in the first quarter of 2011 from among other items, purchase accounting and acquisition related costs. We anticipate that the SANYO Semiconductor business will generate non-GAAP operating

profits in the range of zero to five percent of SANYO Semiconductor sales in the first quarter of 2011.

Given the recent close of the SANYO Semiconductor transaction, we are still finalizing the purchase accounting associated with the transaction. We should be in a position to provide more details regarding the financials of SANYO Semiconductor on our next call.

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

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