

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

(Mark One)

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

For the quarterly period ended April 2, 2021

Or

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

For the transition period from _____ to _____

(Commission File Number) 001-39317

ON SEMICONDUCTOR CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

36-3840979
(I.R.S. Employer
Identification No.)

**5005 E. McDowell Road
Phoenix, AZ 85008
(602) 244-6600**

(Address, zip code and telephone number, including area code, of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ON	The Nasdaq Stock Market LLC
Preferred Stock, Series B Junior Participating, Purchase Rights	N/A	The Nasdaq Stock Market LLC

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

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

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

Large Accelerated Filer Accelerated filer
Non-accelerated filer Smaller reporting company
Emerging growth company

If emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares outstanding of the issuer's class of common stock as of the close of business on April 28, 2021:

<u>Title of Each Class</u>	<u>Number of Shares</u>
Common Stock, par value \$0.01 per share	427,008,100

ON SEMICONDUCTOR CORPORATION FORM 10-Q

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(See the glossary of selected terms immediately following this table of contents for definitions of certain abbreviated terms)

ON SEMICONDUCTOR CORPORATION
FORM 10-Q
GLOSSARY OF SELECTED ABBREVIATED TERMS*

Abbreviated Term	Defined Term
1.00% Notes	1.00% Convertible Senior Notes due 2020
1.625% Notes	1.625% Convertible Senior Notes due 2023
3.875% Notes	3.875% Senior Notes due 2028
Amended Credit Agreement	Credit Agreement, dated as of April 15, 2016, as subsequently amended, by and among the Company, as borrower, the several lenders party thereto, Deutsche Bank AG, New York Branch, as administrative agent and collateral agent, and certain other parties, providing for the Revolving Credit Facility and the Term Loan “B” Facility
Amended and Restated SIP	ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended
ASIC	Application specific integrated circuit
ASU	Accounting Standards Update
DSP	Digital signal processing
ESPP	ON Semiconductor Corporation 2000 Employee Stock Purchase Plan, as amended
Exchange Act	Securities Exchange Act of 1934, as amended
Fairchild	Fairchild Semiconductor International, Inc.
FASB	Financial Accounting Standards Board
IC	Integrated circuit
IoT	Internet-of-things
IP	Intellectual property
LIBO Rate	A base rate per annum equal to the London Interbank Offered Rate as administered by the International Exchange Benchmark Administration
LiDAR	Light detection and ranging
MCU	Microcontroller unit
Quantenna	Quantenna Communications, Inc.
Revolving Credit Facility	A \$1.97 billion revolving credit facility created pursuant to the Amended Credit Agreement
RSU	Restricted stock unit
SEC	Securities and Exchange Commission
SoC	System on chip
Securities Act	Securities Act of 1933, as amended
Term Loan “B” Facility	A \$2.4 billion term loan “B” facility created pursuant to the Amended Credit Agreement
Wi-Fi	Wireless radio technologies compliant with Institute of Electrical and Electronics Engineers Standard 802.11b and commonly used in wireless local area networking devices

* Terms used, but not defined, within the body of the Form 10-Q are defined in this Glossary.

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	April 2, 2021	December 31, 2020
Assets		
Cash and cash equivalents	\$ 1,042.5	\$ 1,080.7
Receivables, net	683.6	676.0
Inventories	1,295.5	1,251.4
Other current assets	166.0	176.0
Total current assets	3,187.6	3,184.1
Property, plant and equipment, net	2,489.4	2,512.3
Goodwill	1,663.4	1,663.4
Intangible assets, net	441.1	469.0
Deferred tax assets	447.2	429.0
Other assets	401.7	410.2
Total assets	\$ 8,630.4	\$ 8,668.0
Liabilities, Non-Controlling Interest and Stockholders' Equity		
Accounts payable	\$ 605.0	\$ 572.9
Accrued expenses and other current liabilities	588.3	570.0
Current portion of long-term debt	536.7	531.6
Total current liabilities	1,730.0	1,674.5
Long-term debt	2,806.9	2,959.7
Deferred tax liabilities	53.9	57.3
Other long-term liabilities	390.0	418.4
Total liabilities	4,980.8	5,109.9
Commitments and contingencies (Note 9)		
ON Semiconductor Corporation stockholders' equity:		
Common stock (\$0.01 par value, 1,250,000,000 shares authorized, 579,553,444 and 570,766,439 issued, 419,896,411 and 411,842,629 outstanding, respectively)	5.8	5.7
Additional paid-in capital	4,161.0	4,133.1
Accumulated other comprehensive loss	(55.9)	(57.6)
Accumulated earnings	1,515.4	1,425.5
Less: Treasury stock, at cost: 159,657,033 and 158,923,810 shares, respectively	(1,996.7)	(1,968.2)
Total ON Semiconductor Corporation stockholders' equity	3,629.6	3,538.5
Non-controlling interest	20.0	19.6
Total stockholders' equity	3,649.6	3,558.1
Total liabilities and stockholders' equity	\$ 8,630.4	\$ 8,668.0

See accompanying notes to consolidated financial statements

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

	Quarters Ended	
	April 2, 2021	April 3, 2020
Revenue	\$ 1,481.7	\$ 1,277.9
Cost of revenue (exclusive of amortization shown below)	960.5	875.2
Gross profit	521.2	402.7
Operating expenses:		
Research and development	173.6	171.0
Selling and marketing	78.9	76.8
General and administrative	72.4	71.2
Amortization of acquisition-related intangible assets	25.0	32.3
Restructuring, asset impairments and other charges, net	42.5	32.8
Intangible asset impairment	2.9	—
Total operating expenses	395.3	384.1
Operating income	125.9	18.6
Other income (expense), net:		
Interest expense	(33.4)	(42.5)
Interest income	0.4	1.9
Other income	4.5	0.1
Other income (expense), net	(28.5)	(40.5)
Income (loss) before income taxes	97.4	(21.9)
Income tax (provision) benefit	(7.1)	8.2
Net income (loss)	90.3	(13.7)
Less: Net income attributable to non-controlling interest	(0.4)	(0.3)
Net income (loss) attributable to ON Semiconductor Corporation	\$ 89.9	\$ (14.0)
Comprehensive income (loss), net of tax:		
Net income (loss)	\$ 90.3	\$ (13.7)
Foreign currency translation adjustments	(2.3)	0.6
Effects of cash flow hedges	4.0	(12.8)
Other comprehensive income (loss), net of tax	1.7	(12.2)
Comprehensive income (loss)	92.0	(25.9)
Comprehensive income attributable to non-controlling interest	(0.4)	(0.3)
Comprehensive income (loss) attributable to ON Semiconductor Corporation	\$ 91.6	\$ (26.2)
Net income (loss) per share of common stock attributable to ON Semiconductor Corporation:		
Basic	\$ 0.22	\$ (0.03)
Diluted	\$ 0.20	\$ (0.03)
Weighted-average shares of common stock outstanding:		
Basic	413.4	410.6
Diluted	445.4	410.6

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in millions, except share data)
(unaudited)

	Common Stock					Treasury Stock		Non-Controlling Interest	Total Equity
	Number of shares	At Par Value	Additional Paid-in Capital	Accumulated Other Comprehensive Loss	Accumulated Earnings	Number of shares	At Cost		
Balance at December 31, 2020	570,766,439	\$ 5.7	\$ 4,133.1	\$ (57.6)	1,425.5	(158,923,810)	\$ (1,968.2)	\$ 19.6	\$ 3,558.1
Shares issued pursuant to the ESPP	204,415	—	5.7	—	—	—	—	—	5.7
RSUs and stock grant awards issued	2,269,328	—	—	—	—	—	—	—	—
Shares issued upon exercise of warrants for 1.00% Notes	6,313,262	0.1	(0.1)	—	—	—	—	—	—
Payment of tax withholding for RSUs	—	—	—	—	—	(733,223)	(28.5)	—	(28.5)
Share-based compensation	—	—	22.3	—	—	—	—	—	22.3
Comprehensive income	—	—	—	1.7	89.9	—	—	0.4	92.0
Balance at April 2, 2021	579,553,444	\$ 5.8	\$ 4,161.0	\$ (55.9)	1,515.4	(159,657,033)	\$ (1,996.7)	\$ 20.0	\$ 3,649.6
Balance at December 31, 2019	565,562,607	\$ 5.7	\$ 3,809.5	\$ (54.3)	1,191.3	(154,249,943)	\$ (1,650.5)	\$ 22.4	\$ 3,324.1
Shares issued pursuant to the ESPP	487,438	—	5.1	—	—	—	—	—	5.1
RSUs and stock grant awards issued	2,724,497	—	—	—	—	—	—	—	—
Payment of tax withholding for RSUs	—	—	—	—	—	(908,620)	(16.0)	—	(16.0)
Share-based compensation	—	—	15.7	—	—	—	—	—	15.7
Repurchase of common stock	—	—	—	—	—	(3,611,413)	(65.4)	—	(65.4)
Comprehensive (loss) income	—	—	—	(12.2)	(14.0)	—	—	0.3	(25.9)
Balance at April 3, 2020	568,774,542	\$ 5.7	\$ 3,830.3	\$ (66.5)	1,177.3	(158,769,976)	\$ (1,731.9)	\$ 22.7	\$ 3,237.6

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(unaudited)

	Quarters Ended	
	April 2, 2021	April 3, 2020
Cash flows from operating activities:		
Net income (loss)	\$ 90.3	\$ (13.7)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	153.4	161.2
Loss on sale or disposal of fixed assets	0.3	0.2
Amortization of debt discount and issuance costs	2.4	3.0
Share-based compensation	22.3	15.7
Non-cash interest on convertible notes	4.6	9.5
Non-cash asset impairment charges	6.1	1.4
Change in deferred tax balances	(23.2)	(19.0)
Other	(2.0)	—
Changes in assets and liabilities:		
Receivables	(9.9)	52.7
Inventories	(42.0)	(19.5)
Other assets	9.9	5.9
Accounts payable	8.9	(12.4)
Accrued expenses and other current liabilities	12.8	(17.6)
Other long-term liabilities	(15.4)	(1.4)
Net cash provided by operating activities	<u>\$ 218.5</u>	<u>\$ 166.0</u>
Cash flows from investing activities:		
Purchase of property, plant and equipment	\$ (77.0)	\$ (132.3)
Proceeds from sale of property, plant and equipment	0.2	—
Deposits utilized (made) for purchase of property, plant and equipment	(0.4)	2.2
Purchase of business, net of cash acquired	—	(4.5)
Settlement of purchase price from previous acquisition	—	26.0
Net cash used in investing activities	<u>\$ (77.2)</u>	<u>\$ (108.6)</u>
Cash flows from financing activities:		
Proceeds for the issuance of common stock under the ESPP	\$ 6.6	\$ 7.5
Payment of tax withholding for RSUs	(28.5)	(16.0)
Repurchase of common stock	—	(65.4)
Issuance and borrowings under debt agreements	—	1,165.0
Repayment of borrowings under debt agreements	(154.1)	(56.0)
Payments related to prior acquisition	(2.1)	(4.9)
Net cash provided by (used in) financing activities	<u>\$ (178.1)</u>	<u>\$ 1,030.2</u>
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(0.8)	0.2
Net increase (decrease) in cash, cash equivalents and restricted cash	(37.6)	1,087.8
Beginning cash, cash equivalents and restricted cash (Note 5)	1,081.5	894.2
Ending cash, cash equivalents and restricted cash (Note 5)	<u>\$ 1,043.9</u>	<u>\$ 1,982.0</u>

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Background and Basis of Presentation

ON Semiconductor Corporation, together with its wholly and majority-owned subsidiaries ("ON Semiconductor," "we," "us," "our," or the "Company"), uses a thirteen-week fiscal quarter accounting period for the first three fiscal quarters of each year, with the first quarter of 2021 having ended on April 2, 2021 and each fiscal year ending on December 31. The quarters ended April 2, 2021 and April 3, 2020 contained 92 and 94 days, respectively. As of April 2, 2021, the Company was organized into the following three operating and reportable segments: the Power Solutions Group ("PSG"), the Advanced Solutions Group ("ASG") and the Intelligent Sensing Group ("ISG").

The accompanying unaudited financial statements as of and for the quarter ended April 2, 2021 have been prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP") for unaudited interim financial information. Accordingly, the unaudited financial statements do not include all of the information and footnotes required by GAAP for audited financial statements. The balance sheet as of December 31, 2020 was derived from the Company's audited financial statements, but does not include all disclosures required by GAAP for audited financial statements. In the opinion of the Company's management, the interim information includes all adjustments, which include normal recurring adjustments, necessary for a fair statement of the results for the interim periods. Certain reclassifications have been made to prior period amounts to conform to current-period presentation. The footnote disclosures related to the interim financial information included herein are also unaudited. Such financial information should be read in conjunction with the consolidated financial statements and related notes thereto for the year ended December 31, 2020 included in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, which was filed with the SEC on February 16, 2021 (the "2020 Form 10-K").

Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. Management evaluates these estimates and judgments on an ongoing basis and bases its estimates on experience, current and expected future conditions, third-party evaluations and various other assumptions that management believes are reasonable under the circumstances. Significant estimates have been used by management in conjunction with the following: (i) future payouts for customer incentives and amounts subject to allowances and returns; (ii) valuation and obsolescence relating to inventories; (iii) variable and share-based compensation; and (iv) measurement of valuation allowances against deferred tax assets and evaluations of uncertain tax positions. Additionally, during periods where it becomes applicable, significant estimates will be used by management in determining the future cash flows used to assess and test for impairment of long-lived assets and goodwill and in assumptions used in connection with business combinations. Actual results may differ from the estimates and assumptions used in the consolidated financial statements.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

Note 2: Revenue and Segment Information

The Company is organized into three operating and reportable segments consisting of PSG, ASG and ISG. These segments represent the Company's view of the business, and its gross profit is used to evaluate the performance of the Company's segments, the progress of major initiatives and the allocation of resources. Gross profit is exclusive of the amortization of acquisition-related intangible assets. Depreciation expense is included in segment gross profit.

Revenue and gross profit for the Company's operating and reportable segments are as follows (in millions):

	PSG	ASG	ISG	Total
For the quarter ended April 2, 2021:				
Revenue from external customers	\$ 747.0	\$ 531.5	\$ 203.2	\$ 1,481.7
Gross profit	\$ 246.5	\$ 206.8	\$ 67.9	\$ 521.2
For the quarter ended April 3, 2020:				
Revenue from external customers	\$ 623.9	\$ 467.1	\$ 186.9	\$ 1,277.9
Gross profit (1)	\$ 182.6	\$ 157.8	\$ 62.3	\$ 402.7

(1) Beginning in the first quarter of 2021, the Company started including unallocated manufacturing costs as part of segment operating results to determine segment gross profit. As a result, the prior-period amounts have been reclassified to conform to current-period presentation.

The Company had one customer, a distributor, whose revenue accounted for approximately 10.6% of the total revenue for the quarter ended April 2, 2021.

Revenue for the Company's operating and reportable segments disaggregated into geographic locations based on sales billed from the respective country and sales channels are as follows (in millions):

	Quarter Ended April 2, 2021			
	PSG	ASG	ISG	Total
Geographic Location				
Singapore	\$ 274.5	\$ 201.7	\$ 32.8	\$ 509.0
Hong Kong	196.1	100.5	45.6	342.2
United Kingdom	142.7	82.6	43.6	268.9
United States	75.3	70.2	38.8	184.3
Other	58.4	76.5	42.4	177.3
Total	\$ 747.0	\$ 531.5	\$ 203.2	\$ 1,481.7
Sales Channel				
Distributors	\$ 523.9	\$ 288.9	\$ 121.2	\$ 934.0
Direct Customers	223.1	242.6	82.0	547.7
Total	\$ 747.0	\$ 531.5	\$ 203.2	\$ 1,481.7

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

	Quarter Ended April 3, 2020			
	PSG	ASG	ISG	Total
Geographic Location				
Singapore	\$ 194.3	\$ 172.6	\$ 41.4	\$ 408.3
Hong Kong	192.0	91.9	32.3	316.2
United Kingdom	105.1	76.8	45.1	227.0
United States	72.7	77.3	34.5	184.5
Other	59.8	48.5	33.6	141.9
Total	\$ 623.9	\$ 467.1	\$ 186.9	\$ 1,277.9
Sales Channel				
Distributors	\$ 386.3	\$ 213.6	\$ 103.4	\$ 703.3
Direct Customers	237.6	253.5	83.5	574.6
Total	\$ 623.9	\$ 467.1	\$ 186.9	\$ 1,277.9

The Company operates in various geographic locations. Sales to unaffiliated customers have little correlation with the location of manufacturers. Accordingly, the Company does not present operating profit by geographical location.

The Company does not discretely allocate assets to its operating segments, nor does management evaluate operating segments using discrete asset information. The Company's consolidated assets are not specifically ascribed to its individual reportable segments. Rather, assets used in operations are generally shared across the Company's operating and reportable segments. Property, plant and equipment, net, by geographic location, is summarized as follows (in millions):

	As of	
	April 2, 2021	December 31, 2020
United States	\$ 690.8	\$ 686.6
South Korea	446.0	455.5
Philippines	376.4	386.6
China	224.5	229.6
Czech Republic	211.3	216.1
Japan	216.1	209.3
Malaysia	188.3	190.2
Other	136.0	138.4
Total	\$ 2,489.4	\$ 2,512.3

Note 3: Recent Accounting Pronouncements

Pending adoption:

ASU 2020-06 - Accounting for Convertible Instruments and Contracts in an Entity's Own Equity ("ASU 2020-06")

In August 2020, the FASB issued ASU 2020-06, which simplifies the guidance on the issuer's accounting for convertible debt instruments by removing the separation models for (1) convertible debt with a cash conversion feature and (2) convertible instruments with a beneficial conversion feature. As a result, entities will not separately present in equity an embedded conversion feature in such debt and will account for a convertible debt instrument wholly as debt, unless certain other conditions are met. The elimination of these models will reduce reported interest expense and increase reported net income for entities that have issued a convertible instrument that is within the scope of ASU 2020-06. Also, ASU 2020-06 requires the application of the if-converted method for the purpose of calculating diluted earnings per share, and the treasury stock method will be no longer available. ASU 2020-06 is applicable for fiscal years beginning after December 15, 2021, with early adoption permitted no earlier than fiscal years beginning after December 15, 2020. As required, the Company plans to adopt ASU

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

2020-06 as of January 1, 2022 and is currently evaluating its impact on the consolidated financial statements and expects a decrease in interest expense and an increase in the dilutive effect of convertible notes included in diluted weighted-average shares of common stock outstanding for the purpose of calculating diluted earnings per share.

Note 4: Restructuring, Asset Impairments and Other, Net

Details of restructuring, asset impairments and other charges, net are as follows (in millions):

	<u>Restructuring</u>	<u>Asset Impairments</u>	<u>Other</u>	<u>Total</u>
Quarter ended April 2, 2021				
2021 Involuntary Separation Program	\$ 33.0	\$ —	\$ —	\$ 33.0
Other	—	3.2	6.3	9.5
Total	<u>\$ 33.0</u>	<u>\$ 3.2</u>	<u>\$ 6.3</u>	<u>\$ 42.5</u>

A summary of changes in accrued restructuring from December 31, 2020 to April 2, 2021 is as follows (in millions):

	<u>As of December 31, 2020</u>	<u>Charges</u>	<u>Usage</u>	<u>As of April 2, 2021</u>
Employee separation charges	\$ 6.2	\$ 33.0	\$ (11.4)	\$ 27.8
Total	<u>\$ 6.2</u>	<u>\$ 33.0</u>	<u>\$ (11.4)</u>	<u>\$ 27.8</u>

2021 Involuntary Separation Program

On March 4, 2021, as part of its ongoing efforts to realign its investments to focus on growth drivers and key markets and to streamline its operations, the Company announced its plans to implement certain employee terminations during the first half of 2021 (the "ISP"). Under the ISP, the Company expects to terminate the employment of approximately 740 employees and incur severance costs and other benefits between \$58 million and \$62 million.

During the quarter ended April 2, 2021, the Company notified approximately 500 employees of their employment termination, and incurred severance costs and other benefits amounting to \$33.0 million, pursuant to the ISP. As of April 2, 2021, \$26.5 million of such severance costs and benefits remained accrued and, based on the exit dates of the notified employees, is expected to be paid during the second quarter of 2021. The remaining employees are expected to be notified, and the corresponding severance costs will be incurred, during the second quarter of 2021.

The Company continues to evaluate employee positions and locations for potential efficiencies and may incur additional severance and related charges in the future.

Note 5: Balance Sheet Information and Other

Goodwill

There was no change in the balance of goodwill from December 31, 2020 to April 2, 2021. Goodwill is tested for impairment annually on the first day of the fourth quarter or more frequently if events or changes in circumstances (each, a "triggering event") would more likely than not reduce the carrying value of goodwill below its fair value. Management did not identify any triggering events during the quarter ended April 2, 2021 that would require an interim impairment analysis.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

Inventory

Details of Inventory included in the Company's Consolidated Balance Sheets are as follows (in millions):

	As of	
	April 2, 2021	December 31, 2020
Inventories:		
Raw materials	\$ 139.0	\$ 135.7
Work in process	834.4	829.7
Finished goods	322.1	286.0
	<u>\$ 1,295.5</u>	<u>\$ 1,251.4</u>

Defined Benefit Plans

The Company recognizes the aggregate amount of all overfunded plans as assets and the aggregate amount of all underfunded plans as liabilities in its financial statements. As of April 2, 2021, the net assets for the overfunded plans totaled \$8.5 million. The total accrued pension liability for underfunded plans was \$147.9 million, of which the current portion of \$0.4 million was classified as accrued expenses and other current liabilities. As of December 31, 2020, the net funded status for all the plans was a liability of \$141.9 million, of which the current portion of \$0.3 million was classified as accrued expenses and other current liabilities.

The components of the net periodic pension expense were as follows (in millions):

	Quarters Ended	
	April 2, 2021	April 3, 2020
Service cost	\$ 3.1	\$ 2.7
Interest cost	1.1	1.1
Expected return on plan assets	(1.7)	(1.5)
Curtailement loss	1.9	—
Total net periodic pension cost	<u>\$ 4.4</u>	<u>\$ 2.3</u>

Leases

Operating lease arrangements are comprised primarily of real estate and equipment agreements. The components of lease expense were as follows (in millions):

	Quarters Ended	
	April 2, 2021	April 3, 2020
Operating lease	\$ 9.9	\$ 9.1
Variable lease	1.0	1.1
Short-term lease	0.7	1.1
Total lease expense	<u>\$ 11.6</u>	<u>\$ 11.3</u>

The lease liabilities recognized in the Consolidated Balance Sheets are as follows (in millions):

	As of	
	April 2, 2021	December 31, 2020
Accrued expenses and other current liabilities	\$ 32.9	\$ 32.2
Other long-term liabilities	108.8	115.7
Total lease liabilities	<u>\$ 141.7</u>	<u>\$ 147.9</u>

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

Operating Right-of-use ("ROU") assets as of April 2, 2021 and December 31, 2020 amounted to \$133.8 million and \$136.3 million, respectively, and are included in other assets in the Consolidated Balance Sheets. As of April 2, 2021, the weighted-average remaining lease-term was 6.7 years and the weighted-average discount rate was 4.8%.

Supplemental Disclosure of Cash Flow Information

Certain of the Company's cash and non-cash activities were as follows (in millions):

	Quarters Ended	
	April 2, 2021	April 3, 2020
Non-cash investing activities:		
Capital expenditures in accounts payable and other long-term liabilities	\$ 180.9	\$ 123.5
ROU assets obtained in exchange of lease liabilities	7.1	8.8
Non-cash financing activity:		
Liability incurred for purchase of business	\$ —	\$ 7.7
Cash paid for:		
Interest expense	\$ 31.4	\$ 24.5
Income taxes	20.9	9.9
Operating lease payments in operating cash flows	10.3	8.2

Reconciliation of the captions in the Consolidated Balance Sheets to the Consolidated Statements of Cash Flows (in millions):

	As of			
	April 2, 2021	December 31, 2020	April 3, 2020	December 31, 2019
Consolidated Balance Sheets:				
Cash and cash equivalents	\$ 1,042.5	\$ 1,080.7	\$ 1,982.0	\$ 894.2
Restricted cash (included in other current assets)	1.4	0.8	—	—
Cash, cash equivalents and restricted cash in Consolidated Statements of Cash Flows	<u>\$ 1,043.9</u>	<u>\$ 1,081.5</u>	<u>\$ 1,982.0</u>	<u>\$ 894.2</u>

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

Note 6: Long-Term Debt

The Company's long-term debt consists of the following (annualized interest rates, in millions):

	As of	
	April 2, 2021	December 31, 2020
Amended Credit Agreement:		
Revolving Credit Facility due 2024, interest payable monthly at 1.61% and 1.90%, respectively	\$ 550.0	\$ 700.0
Term Loan "B" Facility due 2026, interest payable monthly at 2.11% and 2.15%, respectively	1,610.4	1,614.5
3.875% Notes due 2028 (1)	700.0	700.0
1.625% Notes due 2023 (2)	575.0	575.0
Gross long-term debt, including current portion	\$ 3,435.4	\$ 3,589.5
Less: Debt discount (3)	(64.7)	(69.7)
Less: Debt issuance costs (4)	(27.1)	(28.5)
Net long-term debt, including current portion	\$ 3,343.6	\$ 3,491.3
Less: Current portion of long-term debt	(536.7)	(531.6)
Net long-term debt	\$ 2,806.9	\$ 2,959.7

(1) Interest is payable on March 1 and September 1 of each year at 3.875% annually.

(2) Interest is payable on April 15 and October 15 of each year at 1.625% annually.

(3) Debt discount of \$6.4 million and \$6.5 million for the 3.875% Notes, \$49.6 million and \$54.2 million for the 1.625% Notes and \$8.7 million and \$9.0 million for the Term Loan "B" Facility, in each case as of April 2, 2021 and December 31, 2020, respectively.

(4) Debt issuance costs of \$2.2 million and \$2.3 million for the 3.875% Notes, \$4.8 million and \$5.2 million for the 1.625% Notes and \$20.1 million and \$21.0 million for the Term Loan "B" Facility, in each case as of April 2, 2021 and December 31, 2020, respectively.

Expected maturities of gross long-term debt (including current portion - see 1.625% Notes section below) as of April 2, 2021 were as follows (in millions):

Period	Expected Maturities
Remainder of 2021	\$ 587.3
2022	16.3
2023	16.3
2024	566.4
2025	16.3
Thereafter	2,232.8
Total	\$ 3,435.4

The Company was in compliance with its covenants under all debt agreements as of April 2, 2021.

Revolving Credit Facility

During the quarter ended April 2, 2021, the Company repaid \$150.0 million of the outstanding balance under the Revolving Credit Facility using the cash generated from its operations. As a result, as of April 2, 2021, the Company had approximately \$1,419.0 million available for future borrowings under the Revolving Credit Facility.

1.625% Notes due 2023

ON SEMICONDUCTOR CORPORATION
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As determined and recorded as of December 31, 2020, the last reported sale price of the Company's common stock for at least 20 trading days during the period of 30 consecutive trading days ending on March 31, 2021 continued to be greater than or equal to \$26.94 (130% of the conversion price) on each applicable trading day. As a result, the Company maintained the outstanding balance of the 1.625% Notes amounting to \$520.6 million, net of unamortized discount and issuance costs, as a current portion of long-term debt as of April 2, 2021. The holders have the right to surrender any portion of their 1.625% Notes (in minimum denominations of \$1,000 in principal amount or an integral multiple thereof) for conversion during the calendar quarter ending June 30, 2021 (and only during such calendar quarter unless the trigger remains) pursuant to the terms of the indenture governing the 1.625% Notes.

Note 7: Earnings Per Share and Equity

Earnings Per Share

Net income (loss) per share of common stock attributable to ON Semiconductor Corporation is calculated as follows (in millions, except per share data):

	Quarters Ended	
	April 2, 2021	April 3, 2020
Net income (loss) attributable to ON Semiconductor Corporation	\$ 89.9	\$ (14.0)
Basic weighted-average shares of common stock outstanding	413.4	410.6
Dilutive effect of share-based awards	2.7	—
Dilutive effect of convertible notes and warrants	29.3	—
Diluted weighted-average shares of common stock outstanding	445.4	410.6
Net income (loss) per share of common stock attributable to ON Semiconductor Corporation:		
Basic	\$ 0.22	\$ (0.03)
Diluted	\$ 0.20	\$ (0.03)

Basic income (loss) per share of common stock is computed by dividing net income (loss) attributable to the Company by the weighted-average number of shares of common stock outstanding during the period. To calculate the diluted weighted-average shares of common stock outstanding, treasury stock method has been applied to calculate the number of incremental shares from the assumed issuance of shares relating to RSUs. Share-based awards of approximately 0.7 million and 2.6 million for the quarters ended April 2, 2021 and April 3, 2020, respectively, were excluded as the impact was considered anti-dilutive.

The dilutive impact related to the 1.625% Notes has been determined in accordance with the net share settlement requirements, under which the 1.625% Notes are assumed to be convertible into cash up to the par value, with the excess over par value being convertible into common stock. Prior to conversion, the convertible note hedges are not considered for purposes of the earnings per share calculations, as their effect would be anti-dilutive. Upon conversion, the convertible note hedges are expected to offset the dilutive effect of the 1.625% Notes when the stock price is above \$20.72 per share.

The dilutive impact of the warrants issued concurrently with the issuance of the 1.00% Notes and 1.625% Notes, with exercise prices of \$25.96 and \$30.70, respectively, has been included in the calculation of diluted weighted-average common shares outstanding. Approximately half of the warrants issued in connection with the 1.00% Notes were settled during the quarter ended April 2, 2021.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Equity*Warrants Settlement*

At the time of issuance of the 1.00% Notes, the Company sold 37.3 million warrants to bank counterparties whereby the holders of the warrants had the option to purchase the equivalent number of shares of the Company's common stock at a price of \$25.96 per share from the Company beginning in March 2021. The bank counterparties exercised 18.7 million warrants during the quarter ended April 2, 2021, and the Company settled them by issuing 6.3 million shares of common stock on a net-share basis based on the average stock price on the day of exercise. Subsequent to the end of the first quarter, the warrant holders exercised the remaining 18.6 million warrants and the Company settled them by issuing 7.1 million shares of common stock.

Share Repurchase Program

There were no repurchases during the quarter ended April 2, 2021 under the share repurchase program announced on November 15, 2018 (the "Share Repurchase Program"), as compared to \$65.3 million in share repurchases made by the Company under the Share Repurchase Program during the quarter ended April 3, 2020. As of April 2, 2021, the authorized amount remaining under the Share Repurchase Program was \$1,295.8 million.

Activity under the Share Repurchase Program during the quarters ended April 2, 2021 and April 3, 2020 was as follows (in millions, except per share data):

	Quarters Ended	
	April 2, 2021	April 3, 2020
Number of repurchased shares (1)	—	3.6
Aggregate purchase price	\$ —	\$ 65.3
Fees, commissions and other expenses	—	0.1
Total cash used for share repurchases	\$ —	\$ 65.4
Weighted-average purchase price per share (2)	\$ —	\$ 18.08

(1) None of these shares had been reissued or retired as of April 2, 2021, but may be reissued or retired at a later date.

(2) Exclusive of fees, commissions and other expenses.

Shares for Restricted Stock Units Tax Withholding

The amounts remitted for employee withholding taxes during the quarters ended April 2, 2021 and April 3, 2020 were \$28.5 million and \$16.0 million, respectively, for which the Company withheld approximately 0.7 million and approximately 0.9 million shares of common stock, respectively, that were underlying the RSUs that vested. None of these shares had been reissued or retired as of April 2, 2021, but may be reissued or retired by the Company at a later date.

Non-Controlling Interest in Leshan-Phoenix Semiconductor Company Limited ("Leshan")

The results of Leshan have been consolidated in the Company's financial statements. As of December 31, 2020, the non-controlling interest balance was \$19.6 million and along with the \$0.4 million share of the earnings for the quarter ended April 2, 2021, increased to \$20.0 million as of April 2, 2021.

Note 8: Share-Based Compensation

Total share-based compensation expense related to the Company's RSUs, stock grant awards and the ESPP was recorded within the Consolidated Statements of Operations and Comprehensive Income as follows (in millions):

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

	Quarters Ended	
	April 2, 2021	April 3, 2020
Cost of revenue	\$ 3.3	\$ 2.5
Research and development	5.7	4.1
Selling and marketing	4.3	2.9
General and administrative	9.0	6.2
Share-based compensation expense	\$ 22.3	\$ 15.7
Income tax benefit	(4.7)	(3.3)
Share-based compensation expense, net of taxes	<u>\$ 17.6</u>	<u>\$ 12.4</u>

As of April 2, 2021, total unrecognized expected share-based compensation expense, net of estimated forfeitures, related to non-vested RSUs with service, performance and market conditions was \$142.7 million, which is expected to be recognized over a weighted-average period of 1.8 years. There were no stock options exercised during the quarter ended April 2, 2021. Upon option exercise, vesting of RSUs, stock grant awards or completion of a purchase under the ESPP, the Company issues new shares of common stock. The annualized pre-vesting forfeiture rate for RSUs was estimated to be 5% for each of the quarters ended April 2, 2021 and April 3, 2020.

Shares Available

As of April 2, 2021 and December 31, 2020, there was an aggregate of 17.6 million and 16.5 million shares of common stock, respectively, available for grant under the Amended and Restated SIP. The increase in available shares is attributable to the forfeiture of certain awards granted in 2019 due to the non-achievement of the performance criteria. As of April 2, 2021 and December 31, 2020, there was an aggregate of 2.7 million and 3.0 million shares of common stock, respectively, available for issuance under the ESPP.

Restricted Stock Units

RSUs generally vest ratably over three years for awards with service conditions and over two or three years for awards with performance or market conditions, or a combination thereof, and are settled in shares of the Company's common stock upon vesting. A summary of the RSU transactions for the quarter ended April 2, 2021 is as follows (in millions, except per share data):

	Number of Shares	Weighted-Average
		Grant Date Fair Value Per Share
Non-vested RSUs at December 31, 2020	11.3	\$ 20.73
Granted	2.1	41.19
Released	(2.3)	21.97
Forfeited	(2.8)	21.63
Non-vested RSUs at April 2, 2021	<u>8.3</u>	25.38

Note 9: Commitments and Contingencies

Environmental Contingencies

There are no new material environmental contingencies subsequent to the filing of the 2020 Form 10-K.

Financing Contingencies

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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In the ordinary course of business, the Company provides standby letters of credit or other guarantee instruments to certain parties initiated by either the Company or its subsidiaries, as required for transactions, including, but not limited to, material purchase commitments, agreements to mitigate collection risk, leases, utilities or customs guarantees. As of April 2, 2021, the Company's Revolving Credit Facility included \$15.0 million available for the issuance of letters of credit. There were \$0.9 million in letters of credit outstanding under the Revolving Credit Facility as of April 2, 2021, which reduced the Company's borrowing capacity. As of April 2, 2021, the Company also had outstanding guarantees and letters of credit outside of its Revolving Credit Facility totaling \$8.6 million.

As part of obtaining financing in the ordinary course of business, the Company issued guarantees related to certain of its subsidiaries, which totaled \$0.9 million as of April 2, 2021.

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

Indemnification Contingencies

There are no new material indemnification contingencies subsequent to the filing of the 2020 Form 10-K.

Legal Matters

The Company is currently involved in a variety of legal matters that arise in the ordinary course of business. Based on information currently available, the Company is not involved in any pending or threatened legal proceedings that it believes could reasonably be expected to have a material adverse effect on its financial condition, results of operations or liquidity. The litigation process is inherently uncertain, and the Company cannot guarantee that the outcome of any litigation matter will be favorable to the Company.

Intellectual Property Matters

The Company faces risk of exposure from claims of infringement of the IP rights of others. In the ordinary course of business, the Company receives letters asserting that the Company's products or components breach another party's rights. Such letters may request royalty payments from the Company, that the Company cease and desist using certain IP or other remedies.

Note 10: Fair Value Measurements

Fair Value of Financial Instruments

The following table summarizes the Company's financial assets and liabilities, excluding pension assets, measured at fair value on a recurring basis (in millions):

Description	As of	Fair Value Hierarchy		
	April 2, 2021	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
Demand and time deposits	\$ 8.5	\$ 8.5	\$ —	\$ —

Description	As of	Fair Value Hierarchy		
	December 31, 2020	Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents:				
Demand and time deposits	\$ 8.5	\$ 8.5	\$ —	\$ —

Other

The carrying amounts of other current assets and liabilities, such as accounts receivable and accounts payable, approximate fair value based on the short-term nature of these instruments.

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
(unaudited)

Fair Value of Long-Term Debt, including Current Portion

The carrying amounts and fair values of the Company's long-term borrowings were as follows (in millions):

	As of			
	April 2, 2021		December 31, 2020	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion (1)				
Convertible notes	\$ 520.6	\$ 1,214.0	\$ 515.6	\$ 967.1
Other long-term debt	2,823.0	2,781.4	2,975.7	2,966.8

(1) Carrying amounts shown are net of debt discount and debt issuance costs.

The fair values of the 3.875% Notes and the 1.625% Notes were estimated based on market prices in active markets (Level 1). The fair value of other long-term debt was estimated based on discounting the remaining principal and interest payments using current market rates for similar debt (Level 2).

Note 11: Financial Instruments

Foreign Currencies

As a multinational business, the Company's transactions are denominated in a variety of currencies. When appropriate, the Company uses forward foreign currency contracts to reduce its overall exposure to the effects of currency fluctuations on its results of operations and cash flows. The Company's policy prohibits trading in currencies for which there are no underlying exposures and entering into trades for any currency to intentionally increase the underlying exposure. The Company primarily hedges existing assets and liabilities associated with transactions currently on its balance sheet, which are undesignated hedges for accounting purposes.

As of April 2, 2021 and December 31, 2020, the Company had net outstanding foreign exchange contracts with notional amounts of \$281.7 million and \$263.4 million, respectively. Such contracts were obtained through financial institutions and were scheduled to mature within one to three months from the time of purchase. Management believes that these financial instruments should not subject the Company to increased risks from foreign exchange movements because gains and losses on these contracts should offset losses and gains on the underlying assets, liabilities and transactions to which they are related.

The following summarizes the Company's net foreign exchange positions in U.S. Dollars (in millions):

	As of			
	April 2, 2021		December 31, 2020	
	Buy (Sell)	Notional Amount	Buy (Sell)	Notional Amount
Japanese Yen	81.2	81.2	71.2	71.2
Philippine Peso	65.1	65.1	57.2	57.2
Euro	50.7	50.7	47.7	47.7
Korean Won	36.9	36.9	34.4	34.4
Chinese Yuan	13.3	13.3	17.7	17.7
Malaysian Ringgit	11.9	11.9	11.7	11.7
Other Currencies - Buy	17.3	17.3	12.4	12.4
Other Currencies - Sell	(5.3)	5.3	(11.1)	11.1
	<u>\$ 271.1</u>	<u>\$ 281.7</u>	<u>\$ 241.2</u>	<u>\$ 263.4</u>

Amounts receivable or payable under the contracts are included in other current assets or accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets. During the quarters ended April 2, 2021 and April 3, 2020,

ON SEMICONDUCTOR CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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realized and unrealized foreign currency transactions totaled a gain of \$4.0 million and a loss of \$0.2 million, respectively, and are included in other income (expense) in the Company's Consolidated Statements of Operations and Comprehensive Income.

Cash Flow Hedges

All derivatives are recognized on the Company's Consolidated Balance Sheets at their fair value and classified based on the applicable instrument's maturity date.

Foreign Currency Risk

The purpose of the foreign currency hedging activities is to protect the Company from the risk that the eventual cash flows resulting from transactions in foreign currencies will be adversely affected by changes in exchange rates. The Company enters into forward contracts that are designated as foreign currency cash flow hedges of selected forecasted payments denominated in currencies other than U.S. Dollars. For the quarters ended April 2, 2021 and April 3, 2020, the Company did not have outstanding derivatives for its foreign currency exposure designated as cash flow hedges.

Interest Rate Risk

The Company uses interest rate swap contracts to mitigate its exposure to interest rate fluctuations. The Company did not identify any ineffectiveness with respect to the notional amounts of the interest rate swap contracts effective as of April 2, 2021 and April 3, 2020, amounting to \$1.5 billion and \$1.0 billion, respectively.

Other

As of April 2, 2021, the Company had no outstanding commodity derivatives, currency swaps or options relating to either its debt instruments or investments. The Company does not hedge the value of its equity investments in its subsidiaries or affiliated companies. The Company is exposed to credit-related losses if counterparties to hedge contracts fail to perform their obligations. As of April 2, 2021, the counterparties to the Company's hedge contracts were held at financial institutions that the Company believes to be highly-rated, and no credit-related losses are anticipated.

Note 12: Income Taxes

The Company recognizes interest and penalties related to uncertain tax positions in tax expense on the Company's Consolidated Statements of Operations and Comprehensive Income. The Company had approximately \$3.0 million and \$5.2 million of net interest and penalties accrued as of April 2, 2021 and April 3, 2020, respectively. It is reasonably possible that \$42.3 million of its uncertain tax positions will be reduced in the next 12 months due to settlement with tax authorities or expiration of the applicable statute of limitations.

The Company maintains a partial valuation allowance on its U.S. state deferred tax assets and a valuation allowance on foreign net operating losses and tax credits in certain foreign jurisdictions, a substantial portion of which relate to Japan net operating losses, which are projected to expire prior to utilization.

Tax years prior to 2017 are generally not subject to examination by the United States Internal Revenue Service (the "IRS") except for items involving tax attributes that have been carried forward to tax years with statutes of limitations that remain open. The Company is currently under IRS examination for the 2017 tax year. For state tax returns, the Company is generally not subject to income tax examinations for tax years prior to 2016. The Company is also subject to routine examinations by various foreign tax jurisdictions in which it operates. With respect to jurisdictions outside the United States, the Company is generally not subject to examination for tax years prior to 2010. The Company believes that adequate provisions have been made for any adjustments that may result from tax examinations. However, the outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Company's tax audits are resolved in a manner not consistent with the Company's expectations, the Company could be required to adjust its provision for income taxes in the period such resolution occurs.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - Continued
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Note 13: Changes in Accumulated Other Comprehensive Loss

Amounts comprising the Company's accumulated other comprehensive loss and reclassifications are as follows (in millions):

	Currency Translation Adjustments	Effects of Cash Flow Hedges	Total
<i>Balance as of December 31, 2020</i>	\$ (40.6)	\$ (17.0)	\$ (57.6)
Other comprehensive income (loss) prior to reclassifications	(2.3)	8.6	6.3
Amounts reclassified from accumulated other comprehensive loss	—	(4.6)	(4.6)
Net current period other comprehensive income (loss) (1)	(2.3)	4.0	1.7
<i>Balance as of April 2, 2021</i>	<u>\$ (42.9)</u>	<u>\$ (13.0)</u>	<u>\$ (55.9)</u>

(1) Effects of cash flow hedges are net of tax expense of \$1.2 million for the quarter ended April 2, 2021.

Amounts reclassified from accumulated other comprehensive loss to the specific caption within Consolidated Statements of Operations and Comprehensive Income were as follows:

	Amounts Reclassified from Accumulated Other Comprehensive Loss		
	Quarters Ended		To caption
	April 2, 2021	April 3, 2020	
Interest rate swaps	\$ 4.6	\$ 1.9	Interest expense
Total reclassifications	<u>\$ 4.6</u>	<u>\$ 1.9</u>	

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

You should read the following discussion in conjunction with our audited historical consolidated financial statements, which are included in the 2020 Form 10-K and our unaudited consolidated financial statements for the fiscal quarter ended April 2, 2021 included elsewhere in this Form 10-Q. This Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risks, uncertainties and other factors. Actual results could differ materially because of the factors discussed below or elsewhere in this Form 10-Q. See Part II, Item 1A. "Risk Factors" of this Form 10-Q and Part I, Item 1A. "Risk Factors" of the 2020 Form 10-K.

Executive Overview

ON Semiconductor Overview

ON Semiconductor is driving innovation in energy-efficient electronics. We believe that our extensive portfolio of sensors, power management, connectivity, custom and SoC, analog, logic, timing and discrete devices helps customers efficiently solve their design challenges in advanced electronic systems and products. Our power management and motor driver semiconductor components control, convert, protect and monitor the supply of power to the different elements within a wide variety of electronic devices. Our ASICs and SoC devices use analog, MCU, DSP, mixed-signal and advanced logic capabilities to enable the application and uses of many of our automotive, consumer and industrial customers' products. Our signal management semiconductor components provide high-performance clock management and data flow management for precision computing, communications and industrial systems. Our portfolio of sensors, including image sensors, radar and LiDAR, provides advanced solutions for automotive, industrial and IoT applications. Our high performance Wi-Fi solution creates a strong platform for addressing connectivity solutions for industrial IoT applications. Our standard semiconductor components serve as "building blocks" within virtually all types of electronic devices.

We serve a broad base of end-user markets, including automotive, communications, computing, consumer, and industrial. Our portfolio of devices, which are found in a wide variety of end-products enables us to offer advanced ICs and the "building block" components that deliver system-level functionality and design solutions. We offer micro packages, which provide increased performance characteristics while reducing the critical board space inside today's ever-shrinking electronic devices and power modules, delivering improved energy efficiency and reliability for a wide variety of medium and high power applications.

We shipped approximately 17.5 billion units during the quarter ended April 2, 2021, as compared to 15.4 billion units during the quarter ended April 3, 2020, resulting in a period-over-period increase of approximately 14%. As of April 2, 2021, we were organized into the following three operating and reportable segments: PSG, ASG and ISG.

Business Strategy Developments

Our primary focus continues to be on gross margin expansion, while at the same time achieving significant revenue growth in our focused end-markets of automotive, industrial and communications infrastructure as well as being opportunistic in other end-markets. We began the process of evaluating our current product portfolio during the first quarter of 2021 and continue to make progress in such efforts. We have allocated capital, research and development investments and resources to accelerate growth in high-margin products and end-markets by moving away from non-differentiated products, which have had historically lower gross margins.

We believe these actions, among others, will also allow us to transition to a lighter internal fabrication model where our gross margins will be less volatile and not as heavily influenced by our internal manufacturing volumes. We are also rationalizing our manufacturing footprint to align with our investment priorities and corporate strategy. Our goal is to reduce volatility in our gross margins and maximize return on our manufacturing investments with the intention of having our product strategy drive our manufacturing footprint and capital investments.

On March 4, 2021, as part of our ongoing efforts to realign investments to focus on growth drivers and key markets and to streamline our operations, we announced our plans to implement the ISP during the first half of 2021. The Company expects that the ISP will impact approximately 740 employees, resulting in estimated severance charges and other benefits between \$58.0 million and \$62.0 million during this period. During the first quarter of 2021, we notified more than half of the impacted employees and incurred severance charges under the ISP of \$33.0 million. We expect to notify the remaining employees and incur the corresponding severance charges during the second quarter of 2021.

Impact of the Novel Coronavirus Disease 2019 (“COVID-19”) Pandemic on our Business

The ongoing COVID-19 pandemic has resulted in a significant volatility in global economic activity. As a result, we have experienced volatility in the end-markets in which we do business due to fluctuations in consumer and business spending, which, in-turn, had an impact on the demand for some of our products. The severity and duration of these economic repercussions due to the COVID-19 pandemic, including any resulting impact on our business, remain largely unknown and will depend on many factors. In response to business and industry trends, we have proactively implemented preventative protocols, which we continuously assess and update for current local conditions and emerging trends. These steps are intended to safeguard our employees, contractors, customers, suppliers and communities, and to ensure business continuity in case of further government restrictions or if severe outbreaks impact operations at certain of our facilities.

While all of our global manufacturing sites are currently operational, our facilities could be required to temporarily curtail production levels or temporarily cease operations based on government mandates in response to further outbreaks. The ultimate extent to which the COVID-19 pandemic will impact demand for our products depends on future developments, which are highly uncertain and difficult to predict, including the effectiveness and utilization of vaccines for COVID-19 and its variants, new information that may emerge concerning the severity and longevity of the COVID-19 pandemic and efforts undertaken by various governments to contain the spread of COVID-19 and its variants.

Results of Operations

Quarter Ended April 2, 2021 compared to the Quarter Ended April 3, 2020

The following table summarizes certain information relating to our operating results that has been derived from our unaudited consolidated financial statements (in millions):

	Quarters Ended		Dollar Change
	April 2, 2021	April 3, 2020	
Revenue	\$ 1,481.7	\$ 1,277.9	\$ 203.8
Cost of revenue (exclusive of amortization shown below)	960.5	875.2	85.3
Gross profit	521.2	402.7	118.5
Operating expenses:			
Research and development	173.6	171.0	2.6
Selling and marketing	78.9	76.8	2.1
General and administrative	72.4	71.2	1.2
Amortization of acquisition-related intangible assets	25.0	32.3	(7.3)
Restructuring, asset impairments and other charges, net	42.5	32.8	9.7
Intangible asset impairment	2.9	—	2.9
Total operating expenses	395.3	384.1	11.2
Operating income	125.9	18.6	107.3
Other income (expense), net:			
Interest expense	(33.4)	(42.5)	9.1
Interest income	0.4	1.9	(1.5)
Other income	4.5	0.1	4.4
Other income (expense), net	(28.5)	(40.5)	12.0
Income (loss) before income taxes	97.4	(21.9)	119.3
Income tax (provision) benefit	(7.1)	8.2	(15.3)
Net income (loss)	90.3	(13.7)	104.0
Less: Net income attributable to non-controlling interest	(0.4)	(0.3)	(0.1)
Net income (loss) attributable to ON Semiconductor Corporation	\$ 89.9	\$ (14.0)	\$ 103.9

Revenue

Revenue was \$1,481.7 million and \$1,277.9 million for the quarters ended April 2, 2021 and April 3, 2020, respectively, representing an increase of \$203.8 million, or approximately 16%. We had one customer, a distributor, whose revenue accounted for approximately 10.6% of the total revenue for the quarter ended April 2, 2021.

Revenue by operating and reportable segments was as follows (dollars in millions):

	Quarter Ended April 2, 2021	As a % of Total Revenue ⁽¹⁾	Quarter Ended April 3, 2020	As a % of Total Revenue ⁽¹⁾
PSG	\$ 747.0	50.4 %	\$ 623.9	48.8 %
ASG	531.5	35.9 %	467.1	36.6 %
ISG	203.2	13.7 %	186.9	14.6 %
Total revenue	\$ 1,481.7		\$ 1,277.9	

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

Revenue from PSG increased by \$123.1 million, or approximately 20%, for the quarter ended April 2, 2021 compared to the quarter ended April 3, 2020. The revenue from our Advanced Power Division and our Protection, Signal and Integrated Circuits Division increased by \$71.2 million and \$51.9 million, respectively, due to improving economic conditions resulting in

significantly increased demand for our products compared to the quarter ended April 3, 2020. During the first quarter of 2020, we experienced delays in fulfilling certain customer orders due to supply chain constraints and certain of our factories operating at significantly reduced capacity levels as a result of the COVID-19 pandemic, neither of which were experienced during the first quarter of 2021.

Revenue from ASG increased by \$64.4 million, or approximately 14%, for the quarter ended April 2, 2021 compared to the quarter ended April 3, 2020. The revenue from our Mobile, Computing and Cloud Division, Industrial and Offline Power Division and Automotive Division increased by \$37.3 million, \$22.4 million and \$19.7 million, respectively, which was partially offset by a decrease of \$15.0 million in our Wireless Connectivity Solutions Division. The increases were primarily due to increased demand for our products in various end-markets due to improving economic conditions. Additionally, as discussed above, during the first quarter of 2020, we experienced delays in fulfilling certain customer orders due to supply chain constraints and certain of our factories operating at significantly reduced capacity levels as a result of the COVID-19 pandemic, none of which were experienced during the first quarter of 2021.

Revenue from ISG increased by \$16.3 million, or approximately 9%, for the quarter ended April 2, 2021 compared to the quarter ended April 3, 2020. The revenue from our Automotive Sensing Division increased by \$14.0 million due to the significant improvement of economic conditions, specifically with automotive component manufacturers and the automotive industry overall, resulting in increased demand for these products.

Revenue by geographic location, based on sales billed from the respective country or regions, was as follows (dollars in millions):

	Quarter Ended April 2, 2021	As a % of Total Revenue ⁽¹⁾	Quarter Ended April 3, 2020	As a % of Total Revenue ⁽¹⁾
Singapore	\$ 509.0	34.4 %	\$ 408.3	32.0 %
Hong Kong	342.2	23.1 %	316.2	24.7 %
United Kingdom	268.9	18.1 %	227.0	17.8 %
United States	184.3	12.4 %	184.5	14.4 %
Other	177.3	12.0 %	141.9	11.1 %
Total	\$ 1,481.7		\$ 1,277.9	

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

Gross Profit and Gross Margin (exclusive of amortization of acquisition-related intangible assets)

Our gross profit by operating and reportable segments was as follows (dollars in millions):

	Quarter Ended April 2, 2021	As a % of Segment Revenue ⁽¹⁾	Quarter Ended April 3, 2020 ⁽²⁾	As a % of Segment Revenue ⁽¹⁾
PSG	\$ 246.5	33.0 %	\$ 182.6	29.3 %
ASG	206.8	38.9 %	157.8	33.8 %
ISG	67.9	33.4 %	62.3	33.3 %
Total gross profit	\$ 521.2		\$ 402.7	

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

(2) Beginning in the first quarter of 2021, unallocated manufacturing costs were included as part of segment operating results to determine segment gross profit. As a result, the prior-period amounts have been reclassified to conform to current-period presentation.

Our gross profit increased by \$118.5 million, or approximately 29%, from \$402.7 million for the quarter ended April 3, 2020 to \$521.2 million for the quarter ended April 2, 2021. Our overall gross margin increased to 35.2% for the quarter ended April 2, 2021 from 31.5% for the quarter ended April 3, 2020.

The favorable economic environment and significant improvement in demand from automotive component manufacturers and the automotive industry overall contributed to increased demand for our products. The increase in gross profit and gross margin was due to an increase in sales volume, increased utilization and a better mix in the portfolio of products sold. Also, during the quarter ended April 3, 2020, we recorded approximately \$20 million of fixed overhead charges to cost of revenues, representing

under-absorbed inventory costs, primarily due to the COVID-19 pandemic, which adversely impacted our gross margin for that period.

Operating Expenses

Research and development expenses were \$173.6 million for the quarter ended April 2, 2021, as compared to \$171.0 million for the quarter ended April 3, 2020, representing an increase of \$2.6 million, or approximately 2%. The decrease in payroll expenses resulting from restructuring actions undertaken during 2020 was offset by an increase in variable compensation recorded during the quarter ended April 2, 2021.

Selling and marketing expenses were \$78.9 million for the quarter ended April 2, 2021, as compared to \$76.8 million for the quarter ended April 3, 2020, representing an increase of \$2.1 million, or approximately 3%. The decrease in travel-related expenses due to travel restrictions caused by the COVID-19 pandemic was offset by an increase in variable compensation recorded during the quarter ended April 2, 2021.

General and administrative expenses were \$72.4 million for the quarter ended April 2, 2021, as compared to \$71.2 million for the quarter ended April 3, 2020, representing an increase of \$1.2 million, or approximately 2%. The decrease in the use of external consultants and travel-related expenses was offset by an increase in variable compensation recorded during the quarter ended April 2, 2021.

Other Operating Expenses

Amortization of Acquisition-Related Intangible Assets

Amortization of acquisition-related intangible assets was \$25.0 million for the quarter ended April 2, 2021, as compared to \$32.3 million for the quarter ended April 3, 2020, representing a decrease of \$7.3 million, or approximately 23%. The decrease in expense was primarily due to full amortization of certain of our technology-related assets from our previous acquisitions during 2020.

Restructuring, Asset Impairments and Other, Net

Restructuring, asset impairments and other, net was \$42.5 million for the quarter ended April 2, 2021, as compared to \$32.8 million for the quarter ended April 3, 2020. The increase was primarily due to certain exit charges and costs relating to the ISP announced during the first quarter of 2021. The expense during the first quarter of 2020 related primarily to the voluntary separation program announced during that quarter. For additional information, see Note 4: "Restructuring, Asset Impairments and Other, Net" in the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Interest Expense

Interest expense decreased by \$9.1 million to \$33.4 million during the quarter ended April 2, 2021, as compared to \$42.5 million during the quarter ended April 3, 2020. The decrease was primarily due to the decrease in the one month LIBO Rate. Our average gross long-term debt balance (including current maturities) for the quarter ended April 2, 2021 was \$3,512.5 million at a weighted-average interest rate of 3.8%, as compared to \$4,303.3 million at a weighted-average interest rate of 3.9% for the quarter ended April 3, 2020.

Other Income (Expense)

Other income (expense) increased by \$4.4 million to income of \$4.5 million for the quarter ended April 2, 2021, compared to income of \$0.1 million for the quarter ended April 3, 2020. The increase was primarily due to the fluctuations in foreign currencies resulting in increased transaction gains offset by losses on hedges that were realized.

Income Tax Provision and Benefit

We recorded an income tax provision of \$7.1 million and an income tax benefit of \$8.2 million during the quarters ended April 2, 2021 and April 3, 2020, respectively.

The income tax provision for the quarter ended April 2, 2021 consisted primarily of a provision of \$17.8 million for income and withholding taxes of certain of our foreign and domestic operations, partially offset by discrete benefits of \$4.0 million relating to uncertain tax positions, \$4.2 million relating to net equity award windfalls and \$2.5 million of other discrete benefits.

The income tax benefit for the quarter ended April 3, 2020 consisted primarily of a benefit of \$8.4 million for income and withholding taxes of certain of our foreign and domestic operations, partially offset by \$0.2 million of discrete expenses.

For additional information, see Note 12: "Income Taxes" in the notes to the unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Liquidity and Capital Resources

This section includes a discussion and analysis of our cash requirements, off-balance sheet arrangements, contingencies, sources and uses of cash, operations, working capital and long-term assets and liabilities.

Contractual Obligations

As of April 2, 2021, there were no material changes outside the ordinary course of business to our contractual obligations table, including the notes thereto, contained in the 2020 Form 10-K.

Off-Balance Sheet Arrangements

In the ordinary course of business, we provide standby letters of credit or other guarantee instruments to certain parties in connection with certain transactions, including, but not limited to: material purchase commitments, agreements to mitigate collection risk, leases, utilities or customs guarantees. As of April 2, 2021, our Revolving Credit Facility included \$15.0 million of commitment for the issuance of letters of credit subject to the available balance of the Revolving Credit Facility. There were \$0.9 million letters of credit outstanding under our Revolving Credit Facility as of April 2, 2021, which reduced our borrowing capacity dollar-for-dollar. As of April 2, 2021, we also had outstanding guarantees and letters of credit outside of our Revolving Credit Facility in the amount of \$8.6 million.

As part of securing financing in the ordinary course of business, we have issued guarantees related to certain of our subsidiaries, which totaled \$0.9 million as of April 2, 2021. Based on historical experience and information currently available, we believe that we will not be required to make payments under the standby letters of credit or guarantee arrangements for the foreseeable future.

We have not recorded any liability in connection with these letters of credit and guarantee arrangements. See Note 6: "Long-Term Debt" and Note 9: "Commitments and Contingencies" in the notes to our unaudited consolidated financial statements found elsewhere in this Form 10-Q for additional information.

Contingencies

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

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

We maintain directors' and officers' insurance policies that indemnify our directors and officers against various liabilities, including certain liabilities under the Exchange Act, that might be incurred by any director or officer in his or her capacity as such.

The agreement and plan of merger relating to the acquisition of Fairchild Semiconductor International Inc. (the "Fairchild Agreement") provides for indemnification and insurance rights in favor of Fairchild's then-current and former directors, officers and employees. Specifically, we have agreed that, for no fewer than six years following the Fairchild acquisition, we will: (a) indemnify and hold harmless each such indemnitee against losses and expenses (including advancement of attorneys' fees and expenses) in connection with any proceeding asserted against the indemnified party in connection with such person's

...serving as a director, officer, employee or other fiduciary of Fairchild or its subsidiaries prior to the effective time of the acquisition; (b) maintain in effect all provisions of the certificate of incorporation or bylaws of Fairchild or any of its subsidiaries or any other agreements of Fairchild or any of its subsidiaries with any indemnified party regarding elimination of liability, indemnification of officers, directors and employees and advancement of expenses in existence on the date of the Fairchild Agreement for acts or omissions occurring prior to the effective time of the acquisition; and (c) subject to certain qualifications, provide to Fairchild's then-current directors and officers an insurance and indemnification policy that provides coverage for events occurring prior to the effective time of the acquisition that is no less favorable than Fairchild's then-existing policy, or, if insurance coverage that is no less favorable is unavailable, the best available coverage.

Similarly, the agreement and plan of merger relating to the acquisition of Quantenna (the "Quantenna Agreement") provides for indemnification and insurance rights in favor of Quantenna's then-current and former directors, officers, employees and agents. Specifically, the Company has agreed that, for no fewer than six years following the Quantenna acquisition, the Company will: (a) indemnify and hold harmless each such indemnified party to the fullest extent permitted by Delaware law in the event of any threatened or actual claim, suit, action, proceeding or investigation against the indemnified party based in whole or in part on, or pertaining to, such person's serving as a director, officer, employee or agent of Quantenna or its subsidiaries or predecessors prior to the effective time of the acquisition or in connection with the Quantenna Agreement; (b) maintain in effect provisions of the certificate of incorporation and bylaws of Quantenna and each of its subsidiaries regarding the elimination of liability of directors and indemnification of officers, directors and employees that are no less advantageous to the intended beneficiaries than the corresponding provisions in the certificate of incorporation and bylaws of Quantenna and each of its subsidiaries in existence on the date of the Quantenna Agreement; and (c) obtain and fully pay the premium for a non-cancelable extension of directors' and officers' liability coverage of Quantenna's directors' and officers' policies and Quantenna's fiduciary liability insurance policies in effect as of the date of the Quantenna Agreement.

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

See Note 9: "Commitments and Contingencies" in the notes to our unaudited consolidated financial statements under the heading "Legal Matters" included elsewhere in this Form 10-Q for possible contingencies related to legal matters. See also Part I, Item 1 "Business - Government Regulation" of the 2020 Form 10-K for information on certain environmental matters.

Sources and Uses of Cash

Our balance of cash and cash equivalents was \$1,042.5 million as of April 2, 2021. We require cash to: (i) fund our operating expenses, working capital requirements, outlays for strategic acquisitions and investments; (ii) service our debt, including principal and interest; (iii) conduct research and development; (iv) make capital expenditures; and (v) repurchase our common stock.

Our principal sources of liquidity are cash on hand, cash generated from operations, funds from external borrowings and equity issuances. In the near term, we expect to fund our primary cash requirements through cash generated from operations and with cash and cash equivalents on hand. We also have the ability to utilize our Revolving Credit Facility, which has \$1,419.0 million available for future borrowings.

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

- Geopolitical and macroeconomic factors caused by the COVID-19 pandemic, which has had, and is expected to continue to have, negative impacts on the economies of the majority of countries and industries. The ultimate effect of the COVID-19 pandemic and the responses of various governmental entities and industries thereto, the duration and severity and the possibility of the re-emergence of the pandemic in future months and the anticipated recovery period are uncertain.
- Factors that affect our results of operations and cash flows include the impact on our business and operations as a result of changes in demand for our products, including as a result of the COVID-19 pandemic, competitive pricing pressures, effective management of our manufacturing capacity, our ability to achieve further reductions in operating expenses, the impact of our restructuring programs on our production and cost

efficiency and our ability to make the research and development expenditures required to remain competitive in our business.

- Factors that affect our access to bank financing and the debt and equity capital markets that could impair our ability to obtain needed financing on acceptable terms or to respond to business opportunities and developments as they arise, include interest rate fluctuations, macroeconomic conditions, including as a result of the COVID-19 pandemic, sudden reductions in the general availability of lending from banks or the related increase in cost to obtain bank financing and our ability to maintain compliance with covenants under our debt agreements in effect from time to time.

Our ability to service our long-term debt, including the 3.875% Notes, 1.625% Notes, the Revolving Credit Facility and the Term Loan "B" Facility, to remain in compliance with the various covenants contained in our debt agreements and to fund working capital, capital expenditures and business development efforts will depend on our ability to generate cash from operating activities, which is subject to, among other things, our future operating performance, timing of the full economic recovery from the COVID-19 pandemic as well as financial, competitive, legislative, regulatory and other conditions, some or all of which may be beyond our control.

If we fail to generate sufficient cash from operations, we may need to raise additional equity or borrow additional funds to achieve our longer-term objectives. There can be no assurance that such equity or borrowings will be available when we access the capital markets or, if available, will be at rates or prices acceptable to us.

During the ordinary course of business, we evaluate our cash requirements and, if necessary, adjust our expenditures for inventory, operating expenditures and capital expenditures to reflect the current market conditions and our projected sales and demand. Our capital expenditures are primarily directed towards manufacturing equipment. Our capital expenditure levels can materially influence our available cash for other initiatives. For example, during the quarter ended April 2, 2021, we paid \$77.0 million for capital expenditures, while during the quarter ended April 3, 2020, we paid \$132.3 million for capital expenditures. Our current minimum contractual capital expenditure commitment for the remainder of 2021 and 2022 and thereafter is approximately \$57.3 million and \$4.2 million, respectively. We expect to incur capital expenditures of approximately 7% to 8% of annual revenue for the remainder of 2021. Future capital expenditures may be impacted by events and transactions that are not currently forecasted.

Primary Cash Flow Sources

Our long-term cash generation is dependent on the ability of our operations to generate cash. Our cash flows from operating activities were \$218.5 million and \$166.0 million for the quarters ended April 2, 2021 and April 3, 2020, respectively. The increase of \$52.5 million was primarily attributable to a significant increase in net income due to increased demand for our products during the first quarter of 2021, partially offset by further investments in working capital to meet future demand. Our ability to maintain positive operating cash flows is dependent on, among other factors, our success in achieving our revenue goals and manufacturing and operating cost targets. Management of our assets and liabilities, including both working capital and long-term assets and liabilities, also influences our operating cash flows, and each of these components is discussed below.

Working Capital

Working capital, calculated as total current assets less total current liabilities, fluctuates depending on end-market demand and our effective management of certain items such as receivables, inventory and payables. Our working capital, excluding cash and cash equivalents and the current portion of long-term debt, was \$951.8 million as of April 2, 2021 and has fluctuated between \$1,057.1 million and \$879.3 million at the end of each of our last eight fiscal quarters. Our working capital, including cash and cash equivalents and the current portion of long-term debt, was \$1,457.6 million as of April 2, 2021 and has fluctuated between \$2,379.8 million and \$1,071.4 million at the end of each of our last eight fiscal quarters. The significant fluctuation was due to the withdrawal and repayment on our Revolving Credit Facility during 2020 as well as the reclassification of the 1.625% Notes as a current liability. During the quarter ended April 2, 2021, our working capital was positively impacted by reduced capital expenditures. We expect to pay a significant portion of the severance obligations incurred in connection with the ISP during the second quarter of 2021.

Long-Term Assets and Liabilities

Our long-term assets consist primarily of property, plant and equipment, intangible assets, deferred taxes and goodwill. Our manufacturing rationalization plans have included efforts to utilize our existing manufacturing assets and supply arrangements more efficiently. We have taken certain measures to add manufacturing capacity in connection with the expected completion of the acquisition of the East Fishkill, New York fabrication facilities and certain related assets and liabilities on or around December 31, 2022.

Our long-term liabilities, excluding long-term debt and deferred taxes, consist of liabilities under our foreign defined benefit pension plans, operating lease liabilities, and contingent tax reserves. With regard to our foreign defined benefit pension plans, our annual funding of these obligations is equal to the minimum amount legally required in each jurisdiction in which the plans operate. This annual amount is dependent upon numerous actuarial assumptions. For additional information, see Note 5: "Balance Sheet Information and Other" and Note 12: "Income Taxes" in the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Key Financing and Capital Events

Overview

For the past several years, we have undertaken various measures to secure liquidity to pursue acquisitions, repurchase shares of our common stock, reduce interest costs, amend existing key financing arrangements and, in some cases, extend a portion of our debt maturities to continue to provide us additional operating flexibility.

Cash Management

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

Debt Guarantees and Related Covenants

As of April 2, 2021, we were in compliance with the indentures relating to our 3.875% Notes and 1.625% Notes and with covenants relating to our Term Loan "B" Facility and Revolving Credit Facility. The 3.875% Notes and 1.625% Notes are senior to the existing and future subordinated indebtedness of ON Semiconductor and its guarantor subsidiaries, rank equally in right of payment to all of our existing and future senior debt and, as unsecured obligations, are subordinated to all of our existing and future secured debt to the extent of the assets securing such debt.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see our 2020 Form 10-K and Note 3: "Recent Accounting Pronouncements" in the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

As of April 2, 2021, our gross long-term debt (including current maturities) totaled \$3,435.4 million. We have no interest rate exposure to rate changes on our fixed-rate debt, which totaled \$2,775.0 million as of April 2, 2021. We do have interest rate exposure with respect to the \$660.4 million balance of our variable interest rate debt outstanding as of April 2, 2021. A 50 basis point increase in interest rates would impact our expected annual interest expense for the next 12 months by approximately \$4.3 million. However, some of this impact would be offset by additional interest earned on our cash and cash equivalents should rates on deposits and investments also increase. Our interest rate swaps hedge the majority of the risk of variability in cash flows resulting from future interest payments on our variable interest rate debt.

While we have observed some stabilization in the capital markets impacted by the COVID-19 pandemic, there can be no assurance that equity or borrowings will be available when we access the capital markets again or, if available, will be at rates or prices acceptable to us.

To ensure the adequacy and effectiveness of our foreign exchange hedge positions, we continually monitor our foreign exchange forward positions, both on a stand-alone basis and in conjunction with their underlying foreign currency exposures, from an accounting and economic perspective. However, given the inherent limitations of forecasting and the anticipatory nature of exposures intended to be hedged, we cannot provide any assurances that such programs will offset more than a portion of the adverse financial impact resulting from unfavorable movements in foreign exchange rates.

We are subject to risks associated with transactions that are denominated in currencies other than our functional currencies, as well as the effects of translating amounts denominated in a foreign currency to the U.S. Dollar as a normal part of the reporting process. Some of our Japanese operations utilize Japanese Yen as the functional currency, which results in a translation adjustment that is included as a component of accumulated other comprehensive income.

We enter into forward foreign currency contracts that economically hedge the gains and losses generated by the re-measurement of certain recorded assets and liabilities in a non-functional currency. Changes in the fair value of these undesignated hedges are recognized in other income (expense) immediately as an offset to the changes in the fair value of the assets or liabilities being hedged. The notional amount of foreign exchange contracts as of April 2, 2021 and December 31, 2020 was \$281.7 million and \$263.4 million, respectively. Our policies prohibit speculation on financial instruments, trading in currencies for which there are no underlying exposures, or entering into trades for any currency to intentionally increase the underlying exposure.

Substantially all of our revenue is transacted in U.S. Dollars. However, a significant amount of our operating expenditures and capital purchases are transacted in local currencies, including Chinese Renminbi, Czech Koruna, Euros, Japanese Yen, Korean Won, Malaysian Ringgit, Philippine Peso and Vietnamese Dong. Due to the materiality of our transactions in these local currencies, our results are impacted by changes in currency exchange rates measured against the U.S. Dollar. For example, we determined that based on a hypothetical weighted-average change of 10% in currency exchange rates, our results would have impacted our income before taxes by approximately \$34.3 million as of April 2, 2021, assuming no offsetting hedge position or correlated activities.

See Note 11: "Financial Instruments" in the notes to the unaudited consolidated financial statements included elsewhere in this Form 10-Q for further information with respect to our hedging activity.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

Changes in Internal Control Over Financial Reporting

We also carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of changes to our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the fiscal quarter ended April 2, 2021.

There have been no changes to our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended April 2, 2021 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

See Note 9: "Commitments and Contingencies" under the heading "Legal Matters" in the notes to the consolidated unaudited financial statements included elsewhere in this Form 10-Q for additional information on our legal proceedings and related matters. See also Part I, Item 1 "Business - Government Regulation" of the 2020 Form 10-K for information on certain environmental matters.

Item 1A. Risk Factors

Our business, financial condition and results of operations are subject to a number of trends, risks and uncertainties. We review and, where applicable, update our risk factors each quarter. There have been no material changes from the risk factors disclosed in Part I, Item 1A of the 2020 Form 10-K.

Forward-Looking Statements

This Quarterly Report on Form 10-Q includes "forward-looking statements," as that term is defined in Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or incorporated in this Form 10-Q could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." Forward-looking statements are often characterized by the use of words such as "believes," "estimates," "expects," "projects," "may," "will," "intends," "plans" or "anticipates," or by discussions of strategy, plans or intentions. All forward-looking statements in this Form 10-Q are made based on our current expectations, forecasts, estimates 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. Certain factors that could affect our future results or events are described under Part I, Item 1A "Risk Factors" in the 2020 Form 10-K, in this Form 10-Q and from time to time in our other SEC reports. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information, except as may be required by law. You should carefully consider the trends, risks and uncertainties described in this Form 10-Q, Part I, Item 1A "Risk Factors" in the 2020 Form 10-K, Part II and subsequent reports filed with or furnished to the SEC before making any investment decision with respect to our securities. If any of the following trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline and you could lose all or part of your investment. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

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

The following table provides information regarding repurchases of our common stock during the quarter ended April 2, 2021:

Period ⁽¹⁾	Total Number of Shares Purchased ⁽²⁾	Average Price Paid per Share ⁽³⁾ (\$)	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar value of Shares that May Yet be Purchased Under the Plans or Programs (in millions) (\$)
<i>January 1, 2021 - January 29, 2021</i>	13,576	34.92	—	1,295.8
<i>January 30, 2021 - February 26, 2021</i>	2,264	38.22	—	1,295.8
<i>February 27, 2021 - April 2, 2021</i>	717,383	39.01	—	1,295.8
Total	733,223	38.93	—	

(1) These time periods represent our fiscal month start and end dates for the first quarter of 2021.

(2) The number of shares purchased represents shares of common stock held by employees who tendered owned shares of common stock to the Company to satisfy the employee withholding taxes due upon the vesting of RSUs.

(3) The price per share is based on the fair market value at the time of tender or repurchase, respectively.

Share Repurchase Program

Under the Share Repurchase Program, we may repurchase up to \$1.5 billion (exclusive of fees, commissions and other expenses) of our common stock from December 1, 2018 through December 31, 2022, subject to certain contingencies. Subject to the discretion of our board of directors, we may repurchase our common stock from time to time in privately negotiated transactions or open market transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 and Rule 10b-18 of the Exchange Act, and the timing of any repurchases and the actual number of shares repurchased depends on a variety of factors, including our stock price, corporate and regulatory requirements, restrictions under our debt obligations and other market and economic conditions. There were no shares repurchased under the Share Repurchase Program during the quarter ended April 2, 2021.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Exhibit Description*
10.1	Employment Agreement by and between Semiconductor Components Industries, LLC and Thad Trent, dated February 16, 2021(1)(2).
10.2	Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Thad Trent, dated February 16, 2021(1)(2).
10.3	Performance-Based Restricted Stock Units Award Agreement under the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan for Thad Trent, dated February 16, 2021(1)(2).
10.4	Restricted Stock Units Award Agreement under the ON Semiconductor Amended and Restated Stock Incentive Plan (2021 form agreement for Senior Employee Group)(1)(2).
10.5	Performance-Based Restricted Stock Units Award Agreement under the ON Semiconductor Amended and Restated Stock Incentive Plan (2021 form agreement for Tier I Employees)(1)(2).
31.1	Certification by CEO pursuant to Rule 13(a)-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002(1).
31.2	Certification by CFO pursuant to Rule 13(a)-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002(1).
32	Certification by CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(3).
101.INS	XBRL Instance Document(1)
101.SCH	XBRL Taxonomy Extension Schema Document(1)
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document(1)
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document(1)
101.LAB	XBRL Taxonomy Extension Label Linkbase Document(1)
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document(1)
104	Cover Page Interactive Data File - the cover page XBRL tags are embedded within the Inline XBRL document.

* Reports filed under the Exchange Act (Form 10-K, Form 10-Q and Form 8-K) are filed under File No. 000-30419 and File No. 001-39317.

⁽¹⁾ Filed herewith.

⁽²⁾ Management contract or compensatory plan, contract or arrangement.

⁽³⁾ Furnished herewith.

SIGNATURES

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

ON SEMICONDUCTOR CORPORATION
(Registrant)

Date: May 3, 2021

By: /s/ THAD TRENT
Thad Trent
Executive Vice President, Chief Financial Officer and Treasurer
(Principal Financial Officer and officer duly authorized to sign this report)

By: /s/ BERNARD R. COLPITTS, JR.
Bernard R. Colpitts, Jr.
Chief Accounting Officer
(Principal Accounting Officer and officer duly authorized to sign this report)

EMPLOYMENT AGREEMENT

This Employment Agreement, dated as of February 16, 2021 (the "Agreement"), is made and entered into by and between Semiconductor Components Industries, LLC (the "Company"), a wholly-owned subsidiary of ON Semiconductor Corporation, a Delaware Corporation (the "Parent"), with offices at 5005 East McDowell Road, Phoenix, Arizona 85008, and Thad Trent (the "Executive").

WHEREAS, the Company desires to employ Executive on the terms and conditions set forth herein; and

WHEREAS, Executive desires to be employed by the Company on such terms and conditions.

NOW, THEREFORE, in consideration of the mutual covenants, promises and obligations set forth herein, the parties agree as follows:

1. Employment, Duties and Agreements.

(a) The Company agrees to employ Executive as Executive Vice President and Chief Financial Officer of the Company and Parent, as described in Section 3 hereof (the "Employment Period"). Executive shall report to the President and Chief Executive Officer of the Parent (the "CEO") and shall have such duties and responsibilities as the CEO may reasonably determine from time to time as are consistent with Executive's position as Executive Vice President and Chief Financial Officer. During the Employment Period, Executive shall be subject to, and shall act in accordance with, all reasonable instructions and directions of the CEO and all applicable policies and rules of the Company. Executive's principal work location shall be Phoenix, Arizona, provided that Executive shall be required to travel as required in order to perform his duties and responsibilities hereunder.

(b) During the Employment Period, excluding any periods when, pursuant to the Company's flexible vacation policy, Executive may take time off as desired, consistent with the performance of his duties and responsibilities, Executive shall devote his full working time, energy and attention to the performance of his duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company.

(c) Executive agrees to submit himself for physical examination on one occasion per year as requested by the Company; provided, however, that the Company shall bear the entire cost of such examinations.

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

(e) Executive represents that his employment with the Company and future performance of services under this Agreement does not and will not violate any other agreement or obligation that Executive may have with any current or former employers or other third parties.

2. Compensation.

(a) As compensation for the agreements made by Executive herein and the performance by Executive of his obligations hereunder, during the Employment Period, the Company shall pay Executive, pursuant to the Company's normal and customary payroll procedures, a base salary of approximately \$600,000 annually (subject to annual review and adjustment as determined by the CEO and the Compensation Committee of the Board of Directors, the "Base Salary").

(b) In addition to the Base Salary, during the Employment Period, Executive shall be eligible to participate in a discretionary bonus program established and approved by the Board and/or its Compensation Committee (the "Program") and, pursuant to the Program, Executive may earn a cash bonus (the "Bonus") on an annual or other performance period basis (a "Performance Cycle") with a target amount of 100% of Base Salary earned and paid in respect of the applicable Performance Cycle (it being acknowledged and agreed that the actual amount earned and paid may be less than the 100% target amount based on actual achievement of the performance criteria), plus a potential additional amount as may be approved by the Board and/or its Compensation Committee under the Program and in each case based on performance criteria determined by the Board and/or its Compensation Committee, in their discretion; provided that, among other eligibility, Executive is actively employed by the Company on the date the Bonuses are paid under the Program, except as provided in Section 5(a) herein. The Bonus may be paid annually or more frequently depending upon the Performance Cycle, as determined by the Board and/or its Compensation Committee and pursuant to the Program. The Bonus will be specified by the Board and/or its Compensation Committee, and the Bonus will be reviewed at least annually by the Board and/or its Compensation Committee.

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

(d) During the Employment Period, the Company shall provide Executive with a car allowance of \$1,200 per month, subject to applicable withholdings and without any tax gross-ups.

(e) During the Employment Period, the Company shall reimburse Executive up to \$10,000 annually for actual financial planning expenses, subject to applicable withholdings and without any tax gross-ups.

(f) During the Employment Period, the Company shall reimburse Executive for all reasonable business expenses upon the presentation of statements of such expenses in accordance with the Company's normal and customary policies and procedures now in force or as such policies and procedures may be modified with respect to senior executive officers of the Company; provided that it is acknowledged and agreed that any expenses incurred by Executive in connection with travel to and from his personal residences within or outside of the State of Arizona shall constitute personal expenses of Executive and shall not be reimbursable hereunder unless any such expenses incurred by the Executive are eligible for reimbursement under the Company's Policy Relocation Benefits (if elected), as described below.

(g) At any time between the Effective Date and the one-year anniversary of the Effective Date, Executive shall be entitled (by delivery to the Company in writing of an election notice) to elect either:

(i) to participate in the Company's standard relocation policies applicable to executives in connection with the relocation of Executive and his immediate family to the Phoenix metropolitan area (the benefits thereunder, the "Policy Relocation Benefits"); provided that (x) in no event will the Relocation Benefits paid or payable to, or on behalf of, Executive exceed \$200,000, and (y) the Policy Relocation Benefits will be available to the Executive for a one-year period following Executive delivery of his election notice to the Company; or

(ii) no later than thirty (30) days following the date that Executive delivers his election notice to the Company (and so long as Executive has not previously delivered an election notice to receive the Policy Relocation Benefits under Section 2(g)(i) hereof), the Company will pay to Executive, for use in connection with the relocation of Executive to the Phoenix metropolitan area, an amount in cash equal to \$200,000 (the "Lump Sum Relocation Amount"), in one lump sum, subject to applicable withholdings and without any tax gross-ups. The payment of the Lump Sum Relocation Amount shall be in lieu of any amounts otherwise payable under the Company's standard relocation policies.

In the event that Executive voluntarily terminates his employment with the Company for any reason prior to or on the first anniversary of the date that he commences employment with the Company, then Executive shall be required to repay to the Company (on a pro rata basis) any Policy Relocation Benefits or Lump Sum Relocation Amount that Executive may have received.

(h) During the Employment Period, the CEO may ask Executive to provide services to affiliates of the Company, including the Parent, that are consistent with Executive's position as Executive Vice President and Chief Financial Officer. Executive agrees to perform such services without additional compensation from the Company, any affiliate, or the Parent.

(i) On the Effective Date, Executive shall receive:

(i)an initial “new hire” award of restricted stock units (“RSUs”) pursuant to the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan (“SIP”) (x) for the underlying number of shares of ON Semiconductor common stock approximately equal to an aggregate value of \$1,650,000 (the “RSU Award”) and with the number of RSUs awarded being determined by dividing (A) \$1,650,000, by (B) the NASDAQ closing price of one share of ON Semiconductor common stock on the Effective Date, and (y) on such other terms and conditions as set forth in the form of equity award agreement attached as Exhibit A hereto; and

(ii)an initial “new hire” award of performance-based restricted stock units (“PBRsUs”) pursuant to the SIP (x) for an underlying number of shares of ON Semiconductor common stock approximately equal to an aggregate value of \$3,850,000 (the “PBRsU Award”) and with the number of PBRsUs awarded, and potentially earned, being determined by dividing (A) \$3,850,000, by (B) the NASDAQ closing price of one share of ON Semiconductor common stock on the Effective Date, and (y) on such other terms and conditions as set forth in the form of equity award agreement attached as Exhibit B hereto.

(j) During the Employment Period, Executive shall be eligible to participate in the SIP. Subject to approval by the Board, Executive will receive a 2021 annual grant under the SIP that shall (i) include PBRsUs with an aggregate value of \$2,400,000 at target, and RSUs with an aggregate value of \$1,600,000 at target, and (ii) subject to the following sentence, otherwise be subject to the terms and conditions generally applicable to other Company officers, as may be determined by the Board in its sole and absolute discretion. Any future equity awards of RSUs or PBRsUs (including the 2021 annual grants) that Executive may receive under the SIP (in each case, subject to approval by the Board) will contain provisions such that:

(i)with respect to a grant of RSUs, in the event of the termination of Executive’s employment by the Company without Cause (including a deemed termination for Good Reason), and subject to the release of claims described below, then (A) if such termination or deemed termination occurs upon or within two years following a Change in Control, all remaining unvested RSUs shall become immediately vested as of the date of Executive’s termination of employment; and (B) otherwise (absent such Change in Control), all RSUs that are not vested as of such date of termination shall be cancelled and forfeited as of the date of Executive’s termination; and

(ii)with respect to a grant of PBRsUs, in the event of the termination of Executive’s employment by the Company without Cause (including a deemed termination for Good Reason), and subject to the release of claims described below, then (A) if such termination or deemed termination occurs upon or within two years following a Change in Control, all remaining unvested PBRsUs shall become immediately vested as of the date of Executive’s termination of employment assuming achievement at target performance levels; and (B) otherwise (absent such Change in Control), the number of total earned PBRsUs that will vest immediately upon confirmation of achievement of the applicable performance criteria will be determined by multiplying (a) the number of total earned PBRsUs under the award agreement (which number of total earned PBRsUs will be determined based on the actual achievement of the performance metrics under the applicable award agreement for the full performance period under such award

agreement), by (b) a fraction, the numerator of which is the number of days Executive was employed by the Company or its affiliates during the performance measurement period, and the denominator of which is the number of days in the entire performance measurement period.

3. Employment Period. The Company shall employ Executive on the terms and subject to the conditions of this Agreement commencing as of the date of the execution of this Agreement (the “Effective Date”) and continuing until terminated by either party pursuant to this Section 3 in accordance with the terms hereof. Notwithstanding the foregoing, Executive shall be considered an “at-will” employee, which means that Executive’s employment may be terminated by the Company or by Executive at any time for any reason or no reason at all. Executive’s employment hereunder may be terminated during the Employment Period upon the earliest to occur of the following events (at which time the Employment Period shall be terminated):

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

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

(c) *Cause*. The Company may terminate Executive’s employment hereunder for Cause. For purposes of this Agreement, the term “Cause” shall mean: (i) a material breach by Executive of this Agreement (including a material breach of the Company’s Code of Business Conduct, a copy of which is attached to this Agreement as Appendix 1); (ii) the failure by Executive to reasonably and substantially perform his duties hereunder (other than as a result of Disability); (iii) Executive’s willful misconduct or gross negligence which is materially injurious to the Company; or (iv) the commission by Executive of a felony or other serious crime involving moral turpitude. In the case of clauses (i) and (ii) above, the Company shall provide notice to Executive indicating in reasonable detail the events or circumstances that it believes constitute Cause hereunder and, if such breach or failure is reasonably capable of cure, provide Executive with a reasonable period of time (not to exceed thirty (30) days) to cure such breach or failure. If, subsequent to Executive’s termination of employment hereunder for other than Cause, it is determined in good faith by the Board and/or the CEO that Executive’s employment could have been terminated for Cause (except for a termination under (ii) of the above definition of Cause), Executive’s employment shall, at the election of the CEO or Board, as applicable, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred; provided, however, that if the retroactive determination of Cause is based on clause (i) above for material breach, and if such breach is reasonably capable of cure, the Company shall provide Executive with a reasonable period of time (not to exceed thirty (30) days) to cure such breach. In addition, Executive acknowledges and agrees that he is subject to the Company’s Executive Compensation Recovery (Clawback) Policy and constitutes a “covered person” thereunder.

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

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

(f) *For Good Reason.* Executive may terminate his employment hereunder for Good Reason and any such termination shall be deemed a termination by the Company without Cause. For purposes of this Agreement, "Good Reason" shall mean (i) a material breach of this Agreement by the Company; (ii) without Executive's written consent, reducing Executive's salary or target cash bonus opportunity under the Bonus Program, in each case, as in effect immediately prior to such reduction, while at the same time not proportionately reducing the salaries or target bonus opportunities of the other executive officers of the Company; (iii) without Executive's written consent, a material and continued diminution of Executive's duties and responsibilities hereunder, unless Executive is provided with comparable duties and responsibilities in a comparable position (i.e., a position of equal or greater duties and responsibilities), including without limitation, Executive ceasing to have the title of "Executive Vice President and Chief Financial Officer" of the Company (or, following a Change in Control, its ultimate parent or successor entity) or any requirement that Executive report to any person(s) other than the CEO, or (iv) if, following a Change in Control (as defined herein), the Company requires a relocation, without Executive's written consent, to a facility or location that is greater than fifty (50) miles from the Company's current headquarters in Phoenix, Arizona; provided that in either (i), (ii), (iii) or (iv) above, Executive shall notify the Company within thirty (30) days after the event or events which Executive believes constitute Good Reason hereunder and shall describe in such notice in reasonable detail such event or events and provide the Company a (30) day period after delivery of such notice to cure such breach or diminution.

4. Termination Procedure.

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

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

a Notice of Termination is given or any later date (within thirty (30) days, or any alternative time period agreed upon by the parties, after the giving of such notice) set forth in such Notice of Termination.

5. Termination Payments.

(a) *Without Cause.* In the event of the termination of Executive's employment during the Employment Period by the Company without Cause (including a deemed termination without Cause as provided for in Section 3(f) herein) Executive shall be entitled to: (i) Base Salary through the Date of Termination (to the extent not theretofore paid); (ii) the continuation of Base Salary (as in effect immediately prior to termination) for a period of seventy-eight (78) weeks, which, subject to the restrictions set forth below, shall be paid in accordance with the Company's ordinary payroll practices in effect from time to time and which shall begin on the first payroll period immediately following the date on which the general release and waiver described below in this Section 5(a) becomes irrevocable; (iii) any earned but not paid Bonus for the Performance Cycle that had a performance period that ended prior to the Date of Termination; and (iv) an amount equal to one (1) times the total target Bonus under the Bonus Program in effect as of the Date of Termination (provided that if Bonuses are paid semi-annually as of the Date of Termination, then Executive shall be entitled to an amount equal two (2) times the total semi-annual target Bonus for the Performance Cycle in which the Date of Termination occurs). The amounts set forth in (i) above shall be paid in accordance with applicable law on the Date of Termination. The amounts set forth in (iii) and (iv) above shall be paid as soon as is reasonably practicable after the close of the accounting books and records of the Company for the relevant performance period at the same time bonuses are paid to other active employees, but in no event will payment be made for any performance period ending on December 31 before January 1 or after March 15 of the year following the year in which the performance period ends. If payment by such date is administratively impracticable, payment may be made at a later date as permitted under Treasury Regulation Section 1.409A-1(b)(4)(ii). In addition, in the event of a termination by the Company without Cause under this Section 5(a) (including a deemed termination without Cause as provided in Section 3(f) herein): (A) the Company shall provide Executive with continuation of medical, dental and vision benefits for two (2) years after the Date of Termination, provided that these benefits shall be provided to Executive at the same cost, and at the same coverage level, as in effect as of Executive's Date of Termination and, in the event the cost and/or level of coverage shall change for all employees of the Company, the cost and/or coverage level, likewise, shall change for Executive in a corresponding manner, and (B) the Company will provide Executive with outplacement services from vendors designated by the Company for a period of six (6) months following the Date of Termination at a cost not to exceed \$25,000 (subject to applicable withholdings and without tax gross-ups).

(b) *Cause, Disability, Death or Voluntarily other than for Good Reason.* If Executive's employment is terminated during the Employment Period by: (i) the Company for Cause or (ii) voluntarily by Executive other than for Good Reason, the Company shall pay Executive within thirty (30) days following the Date of Termination Executive's Base Salary through the Date of Termination (to the extent not theretofore paid). If Executive's employment is terminated during the Employment Period as a result of Executive's Death or Disability, the Company shall pay

Executive or Executive's estate, as the case may be, in addition to his accrued but unpaid Base Salary through the Date of Termination: (x) any earned but not paid Bonus earned in respect of the Company's Performance Cycle that had a performance period that ended prior the Date of Termination; and (y) an amount equal to the product of (A) the Bonus earned by Executive in the year immediately preceding the Date of Termination, and (B) a fraction, the numerator of which is the number of days in the Company's fiscal year in which the Date of Termination occurs which are prior to the Date of Termination and the denominator of which is 365. Except as provided in this Section 5(b), the Company shall have no additional obligations under this Agreement.

(c) *Change in Control*. If within twenty-four (24) months following a Change in Control (as defined herein), (i) the Company terminates Executive's employment without Cause or (ii) Executive terminates employment with the Company for Good Reason, then, in addition to all of the benefits provided to Executive under Section 5(a) of this Agreement (other than Section 5(a)(ii) and Section 5(a)(iv), each of which is alternatively covered in the immediately following sentence), and notwithstanding any provision in any applicable option grant agreement or restricted stock unit award agreement where the award vests based solely on the passage of time between the Company (or Parent) and Executive, any outstanding but unvested options and any restricted stock units which vest solely based on the passage of time shall fully vest upon Date of Termination. In addition (but in lieu of any amounts payable under Section 5(a)(ii) and Section 5(a)(iv)), Executive shall be entitled to (x) the continuation of Base Salary (as in effect immediately prior to the Date of Termination) for a period of seventy-eight (78) weeks, which, subject to the restrictions set forth below, shall be paid in accordance with the Company's ordinary payroll practices in effect from time to time and which shall begin on the first payroll period immediately following the date on which the general release and waiver described below in this Section 5(a) becomes irrevocable; and (y) an amount equal to 1.5 times the total target Bonus (as defined above) under the Bonus Program in effect as of the Date of Termination, provided that if Bonuses are paid semi-annually as of the Date of Termination, Executive shall be entitled to an amount equal 3.0 times the total semi-annual target Bonus for the Performance Cycle in which the Date of Termination occurs, with such amount paid as soon as is reasonably practicable after the close of the accounting books and records of the Company for the relevant Performance Cycle at the same time bonuses are paid to other active employees, but in no event will payment be made for any Performance Cycle ending on December 31 before January 1 or after March 15 of the year following the year in which the Performance Cycle ends. If payment by such date is administratively impracticable, payment may be made at a later date as permitted under Treasury Regulation Section 1.409A-1(b)(4)(ii). For purposes of this Agreement, a "Change in Control" shall have the meaning set forth in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as it may be amended from time-to-time.

(d) *Release Required*. Notwithstanding any provision of this Agreement or any understanding to the contrary, in order to be eligible for and to receive the termination related payments and benefits described in this Section 5, Executive must execute (and not revoke) and must continue to comply with the terms of a general release and waiver (in substantially the form attached hereto as Exhibit C, subject to any applicable changes as may be required by law) waiving all claims Executive may have against the Company, its affiliates (including, without

limitation, Parent), successors, assigns, executives, officers and directors, and others. The release shall be provided to Executive on or before the date that is five (5) days following the Date of Termination and Executive shall have twenty-one (21) days following the date on which the release is given to Executive to sign and return the release to the Company. The release must be executed and returned to the Company within the time-period described in the release and it must not be revoked by Executive during the seven (7) day revocation period that will be described in the release. Notwithstanding anything in this Agreement to the contrary, if the Company concludes that the severance payments described in Section 5(a) constitute a “deferral of compensation” within the meaning of the Section 409A Regulations, and if the consideration period that will be described in the release, plus the seven (7) day revocation period that will be described in the release, spans two (2) calendar years, the severance payments shall not begin until the second calendar year.

6. Legal Fees; Directors’ and Officers’ Liability Insurance.

(a) In the event of any contest or dispute between the Company and Executive with respect to this Agreement or Executive’s employment hereunder, each of the parties shall be responsible for its own legal fees and expenses.

(b) During the Employment Period, Executive shall be entitled to the same directors’ and officers’ liability insurance coverage that the Company provides generally to its other directors and officers, as may be amended from time to time for such directors and officers.

(c) The Company hereby agrees to indemnify Executive and hold Executive harmless to the extent provided under the standard form of indemnification agreement of Parent. This obligation will survive the termination of Executive’s employment with the Company.

7. Non-Solicitation. Executive recognizes that the Company’s employees are a valuable asset to the Company and represent a substantial investment of Company time and resources. Accordingly, during the Employment Period and for two (2) years thereafter, Executive hereby agrees not to, directly or indirectly, solicit or assist any other person or entity in soliciting any employee of the Parent, the Company or any of their subsidiaries to perform services for any entity (other than the Parent, the Company or their subsidiaries), or attempt to induce any such employee to leave the employment of the Parent, the Company or their subsidiaries; provided, however, that in the event that Executive’s employment is terminated without Cause or Executive resigns for Good Reason (in accordance with Section 3 and Section 4 above) at any time prior to the one (1)-year anniversary of the date of this Agreement, then the obligations under this Section 7 shall terminate and the restrictions described in this Section 7 shall not apply following such termination of Executive.

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

(a) During the Employment Period and thereafter, Executive shall hold in strict confidence any proprietary or Confidential Information related to the Parent, the Company and their affiliates. For purposes of this Agreement, “Confidential Information” shall mean all

information of the Parent, the Company or any of their affiliates (in whatever form) which is not generally known to the public, including without limitation any inventions, processes, methods of distribution, customer lists or customers' or trade secrets. "Confidential Information" does not include information that: (i) is or becomes part of the public domain through no fault of Executive; (ii) is already known to Executive and has been identified by Executive to the Company in writing prior to the commencement of Executive's employment with Company; or (iii) is subsequently lawfully received by Executive from a third party not subject to confidentiality restrictions.

(b) During Executive's employment with Company, and at all times thereafter, Executive will (i) keep confidential and not divulge, furnish or make accessible to any person any Confidential Information; and (ii) use the Confidential Information solely for the purpose of performing Executive's duties of employment and not for Executive's own benefit or the benefit of any other Person. Promptly after the Date of Termination, or at any time upon request by Company, Executive shall return to Company any Confidential Information (in hard copy and electronic formats) in Executive's possession.

(c) With the limited exceptions noted below, Executive shall be permitted to disclose Confidential Information to the extent, but only to the extent, (i) Company provides its express prior written consent to such disclosure; (ii) it is necessary to perform the duties of Executive's employment; or (iii) as required by law; provided, that prior to making any disclosure of Confidential Information required by law (whether pursuant to a subpoena, government investigative demand, or other similar process), Executive must notify Company of Executive's intent to make such disclosure, so that Company may seek a protective order or other appropriate remedy and may participate with Executive in determining the amount and type of Confidential Information, if any, which must be disclosed to comply with applicable law.

(d) There are limited exceptions to the above confidentiality requirement if Executive is providing information to government agencies, including but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent) and the Securities and Exchange Commission. This Agreement does not limit Executive's ability to communicate with any government agencies regarding matters within their jurisdiction or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice, to the government agencies. Nothing in this Agreement shall prevent Executive from the disclosure of Confidential Information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that Executive files a lawsuit alleging retaliation by Company for reporting a suspected violation of law, Executive may disclose Confidential Information or trade secrets related to the suspected violation of law or alleged retaliation to Executive's attorney and use the Confidential Information or trade secrets in the court proceeding if Executive or Executive's attorney: (x) files any document containing Confidential Information or trade secrets under seal; and (y) does not

disclose Confidential Information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with, among other laws, the Defend Trade Secrets Act of 2016.

(e) Executive and the Company agree that the Parent, the Company and their affiliates would likely suffer significant harm from Executive's competing with any or all of the Parent, the Company or their affiliates for a certain period of time after the Date of Termination. Accordingly, Executive agrees that Executive will not, during the Employment Period and for a period of twelve (12) months following the Date of Termination, directly or indirectly, become employed by, engage in business with, serve as an agent or consultant to, become a partner, member, principal, stockholder or other owner (other than a holder of less than 1% of the outstanding voting shares of any publicly held company) of, or otherwise perform services for (whether or not for compensation) any Competitive Business (as defined below) in or from any location in the United States or in or from any foreign jurisdiction where the Company is located; provided, however, that in the event that Executive's employment is terminated without Cause or Executive resigns for Good Reason (in accordance with Section 3 and Section 4 above) at any time prior to the one (1)-year anniversary of the date of this Agreement, then the obligations under this Section 8(e) shall terminate and the restrictions described in this Section 8(e) shall not apply following such termination of Executive. For purposes of this Agreement, "Competitive Business" shall mean any of the companies (or any of their affiliates or successors (including following any acquisition or change in control of any such company)) set forth on Schedule 1 attached hereto.

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

(g) In the event Executive's employment hereunder is terminated pursuant to Section 3(d), 3(e) or 3(f) hereof, Executive and the Company shall mutually agree on the time, method and content of any public announcement regarding Executive's termination of employment hereunder, and Executive shall not make any public statements which are inconsistent with the information mutually agreed upon by the Company and Executive and the parties hereto shall cooperate with each other in refuting any public statements made by other persons, which are inconsistent with the information mutually agreed upon between Executive and Company as described above.

(h) During the Employment Period and at all times thereafter, Executive agrees Executive will not make (or cause or encourage others to make) statements that unlawfully defame or disparage the Parent, the Company, their affiliates and their officers, directors, members or executives and the Company hereby agrees that it shall not disparage or defame Executive through any official statement of the Company, provided that, in the event Executive's

employment is terminated for Cause, the Company shall be permitted, in its discretion, to disclose the facts and circumstances surrounding such termination. Executive hereby agrees to cooperate with the Company in refuting any defamatory or disparaging remarks by any third party made in respect of the Parent, the Company, their affiliates or their directors, members, officers or executives.

(i)

i.Executive agrees to disclose to the Company all ideas, concepts, discoveries, inventions, innovations, designs, patents, trademarks, trade secrets, copyrights, intellectual property relating to the Company's business that Executive conceives or creates, individually or jointly with others, during the course of Executive's employment (collectively referred to as "Developments"). Executive's compensation and benefits, as outlined herein, or as such may be changed from time to time, constitutes compensation to Executive for all of Executive's Developments as outlined in this section. As such, all such Developments are prepared as works for hire for the Company and all such Developments and all rights subsisting in, relating to or used in connection with the Developments will be solely owned and be the exclusive property of the Company.

ii.Executive agrees to assign to and, to the fullest extent allowed by applicable law, hereby does assign to the Company or the Company's designee all right, title, and interest in and to all such Developments made or conceived by Executive during the course of Executive's employment. Upon the Company's request, and at the Company's expense, Executive agrees to execute all instruments, including specific assignments required for securing or maintaining the Company's rights in such Developments. Where Executive has rights in the Developments that cannot be assigned to the Company, Executive hereby grants to the Company an unconditional, perpetual, exclusive, worldwide, royalty-free, fully paid license or sublicense to use such rights in any way and without any limitation whatsoever. Where such rights cannot be assigned, licensed or sublicensed to the Company, Executive hereby irrevocably and without any further compensation waives the enforcement of all such rights, and all claims and causes of action against the Company.

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

or 8 above, then the time periods set forth in Sections 7 or 8 will be extended by the length of time during which Executive is in breach of any of such provisions.

Executive acknowledges that the covenants contained in Sections 7 and 8 of this Agreement are reasonable in scope and duration, do not and will not unduly restrict Executive's ability to engage in his livelihood, and are necessary to protect the Parent's, the Company's and their affiliate's legitimate business interests.

10. Representations.

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

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

11. Miscellaneous.

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

If to the Company:

ON Semiconductor Corporation
5005 East McDowell Road
Phoenix, Arizona 85008
Attention: General Counsel

If to Executive, to the address for Executive on file with the Company at the time of the notice or to such other address as any party hereto may designate by notice to the others.

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

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

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

(e)

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

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

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

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

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

(i)

(i) Notwithstanding anything set forth herein to the contrary, no amount payable pursuant to this Agreement on account of Executive's termination of employment which constitutes a "deferral of compensation" within the meaning of the Treasury Regulations issued pursuant to Section 409A of the Code ("Section 409A Regulations") shall be paid unless and until Executive has incurred a "separation from service" within the meaning of the Section 409A Regulations. Each installment payment hereunder shall be treated as a separate payment for purposes of Section 409A. Furthermore, to the extent that Executive is a "specified employee" within the meaning of the Section 409A Regulations as of the date of Executive's separation from service, no amount that constitutes a deferral of compensation that is payable on account of Executive's separation from service shall be paid to Executive before the date ("Delayed Payment Date") which is the first day of the seventh month after the date of Executive's separation from service or, if earlier, the date of Executive's death following such separation from service. All such amounts that would, but for this subsection, become payable prior to the Delayed Payment Date will be accumulated and paid on the Delayed Payment Date. Any reimbursements or in-kind benefits provided to or for the benefit of Executive that constitute a "deferral of compensation" within the meaning of the Section 409A Regulations shall be provided in a manner that complies with Treasury Regulation Section 1.409A-3(i)(1)(iv). Accordingly, (x) all such reimbursements will be made not later than the last day of the calendar year after the calendar year in which the expenses were incurred, (y) any right to such reimbursements or in-kind benefits will not be subject to liquidation or exchange for another benefit, and (z) the amount of the expenses eligible for reimbursement, or the amount of any in-kind benefit provided, during any taxable year will not affect the amount of expenses eligible for reimbursement, or the in-kind benefits provided, in any other taxable year.

(ii) The Company intends that income provided to Executive pursuant to this Agreement will not be subject to taxation under Section 409A of the Code. The provisions of this Agreement shall be interpreted and construed in favor of satisfying any applicable requirements of Section 409A of the Code and the Section 409A Regulations. However, the Company does not guarantee any particular tax effect for income provided to Executive pursuant to this Agreement. In any event, except for the Company's responsibility to withhold applicable income and employment taxes from compensation paid or provided to Executive, the Company shall not be responsible for the payment of any applicable taxes on compensation paid or provided to Executive pursuant to this Agreement. Notwithstanding the foregoing, in the event this Agreement or any benefit paid to Executive hereunder is deemed to be subject to Section 409A of the Code, Executive consents to the Company adopting such conforming amendments as the Company deems necessary, in its sole discretion, to comply with Section 409A, without reducing the amounts of any benefits due to Executive hereunder.

(j) By signing this Agreement, Executive agrees to be bound by, and comply with the terms of the compensation recovery policy or policies (and related practices) of the Company or its affiliates as such may be in effect from time-to-time.

(k) This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona without reference to its principles of conflicts of law. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the state of Arizona, county of Maricopa. The parties hereby irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

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

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

12. Section 280G of the Code.

(a) Sections 280G and 4999 of the Code may place significant tax burdens on both Executive and the Company if the total payments made to Executive due to certain change in control events described in Section 280G of the Code (the “Total Change in Control Payments”) equal or exceed Executive’s 280G Cap. For this purpose, Executive’s “280G Cap” is equal to Executive’s average annual compensation in the five calendar years preceding the calendar year in which the change in control event occurs (the “Base Period Income Amount”) times three. If the Total Change in Control Payments equal or exceed the 280G Cap, Section 4999 of the Code imposes a 20% excise tax (the “Excise Tax”) on all amounts in excess of one (1) times Executive’s Base Period Income Amount. In determining whether the Total Change in Control Payments will equal or exceed the 280G Cap and result in the imposition of an Excise Tax, the provisions of Sections 280G and 4999 of the Code and the applicable Treasury Regulations will control over the general provisions of this Section 12. All determinations and calculations required to implement the rules set forth in this Section 12 shall take into account all applicable federal, state, and local income taxes and employment taxes (and for purposes of such calculations, Executive shall be deemed to pay income taxes at the highest combined federal, state and local marginal tax rates for the calendar year in which the Total Change in Control Payments are to be made, less the maximum federal income tax deduction that could be obtained as a result of a deduction for state and local taxes (the “Assumed Taxes”).

(b) Subject to the “best net” exception described in Section 12(c), in order to avoid the imposition of the Excise Tax, the total payments to which Executive is entitled under this Agreement or otherwise will be reduced to the extent necessary to avoid equaling or exceeding the 280G Cap, with such reduction first applied to the cash severance payments that Executive would otherwise be entitled to receive pursuant to this Agreement and thereafter applied in a manner that will not subject Executive to tax and penalties under Section 409A of the Code. Any reduction in payments and/or benefits pursuant to this Section 12(b) will occur in the following order: (i) reduction of cash payments; (ii) cancellation of accelerated vesting of equity awards

other than stock options; (iii) cancellation of accelerated vesting of stock options; and (iv) reduction of other benefits payable to you. Notwithstanding the foregoing, any reduction in payments pursuant to this Section 12(b) shall be made in compliance with Section 409A Regulations.

(c) If Executive's Total Change in Control Payments minus the Excise Tax and the Assumed Taxes (payable with respect to the amount of the Total Change in Control Payments) exceeds the 280G Cap minus the Assumed Taxes (payable with respect to the amount of the 280G Cap), then the total payments to which Executive is entitled under this Agreement or otherwise will not be reduced pursuant to Section 12(b). If this "best net" exception applies, Executive shall be fully responsible for paying any Excise Tax (and income or other taxes) that may be imposed on Executive pursuant to Section 4999 of the Code or otherwise.

(d) The Company will engage a law firm, a certified public accounting firm, and/or a firm of reputable executive compensation consultants (the "Consultant") to make any necessary determinations and to perform any necessary calculations required in order to implement the rules set forth in this Section 12. The Consultant shall provide detailed supporting calculations to both the Company and Executive and all fees and expenses of the Consultant shall be borne by the Company. If the provisions of Section 280G and 4999 of the Code are repealed without succession, this Section 12 shall be of no further force or effect. In addition, if this provision does not apply to Executive for whatever reason, this Section shall be of no further force or effect.

[SIGNATURE PAGE FOLLOWS]

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

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: /s/ GEORGE H. CAVE

Name: George H. Cave

Title: Executive Vice President, General
Counsel, Chief Compliance Officer,
Chief Risk Officer and Secretary

/s/ THAD TRENT

Name: Thad Trent

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

ON Semiconductor Corporation, a Delaware Corporation (the "Company"), hereby grants to **Thad Trent** (the "Grantee"), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time (the "Plan"), a Restricted Stock Units Award (the "Award") for units ("Units") representing shares of the common stock of the Company ("Stock"). This agreement to grant Stock Units (this "Grant Agreement") is made effective as of February 16, 2021 (the "Grant Date").

RECITALS

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

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

C. The Committee has approved the granting of Units to the Grantee pursuant to the Plan to provide an incentive to the Grantee to focus on the long-term growth of the Company, to protect the Company's goodwill with its employees, to protect the Company's goodwill with its customers, and to protect the confidential information of the Company.

D. To the extent not specifically defined herein or in the Grantee's offer letter, employment agreement or comparable agreement, as amended from time to time (the "Employment Agreement"), all capitalized terms used in this Grant Agreement shall have the meaning set forth in the Plan unless a contrary meaning is set forth in the Employment Agreement.

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

1. Grant of Units. The Company hereby grants to the Grantee a Restricted Stock Units Award for 39,427 Units, representing the right to receive the same number of shares of Stock, subject to the terms and conditions in this Grant Agreement. This Award is granted pursuant to the Plan and its terms are incorporated by reference.

2. Vesting of Units. Subject to the provisions of the Plan and Section 3 below, the Units will vest in accordance with the schedule below:

2.1 13,143 Units will vest on **February 16, 2022**;

2.2 An additional 13,142 Units will vest on **February 16, 2023**; and

2.3 The final 13,142 Units will vest on **February 16, 2024**.

3. Termination of Employment or Services.

3.1 General. Subject to the provisions of Section 3.2 and Section 3.3, if the Grantee terminates employment with the Company for any reason (including upon a termination for Cause), or otherwise ceases to perform services for the Company, any Units that are not vested under the schedule in Section 2 above, will be canceled and forfeited as of the date of the Grantee's termination of employment or service.

3.2 Termination without Cause / Resignation for Good Reason. In the event of the termination of the Grantee's employment by the Company without Cause (including a deemed termination for Good Reason (as defined in the Employment Agreement) and whether or not in connection with a Change in Control, but excluding any termination for Retirement (which shall be covered by Section 3.3)), and subject to the release of claims described in the Employment Agreement, then the unvested portion of the Units shall become immediately vested as of the date of the Grantee's termination of employment. If a Change in Control occurs following the date on which the Grantee Retires, then the unvested portion of the Units shall become immediately vested as of the date of the Change in Control.

3.3 Retirement. If: (i) the Grantee is Retirement Eligible (as defined below) as of the Grant Date; and (ii) actually Retires after the six-month anniversary of the Grant Date, the Grantee shall continue to vest in the Units, as set forth in Section 2 above, as if the Grantee's termination of employment had not occurred. For purposes of this Grant Agreement: (A) "Retirement Eligible" means attainment of age 55, with 10 or more years of service with the Company, or attainment of age 65; and (B) "Retires," "Retire," or "Retirement" means the voluntary termination of employment by the Grantee if the Grantee is Retirement Eligible; provided, that, the Grantee delivers a Notice of Termination (as defined in the Employment Agreement) to the Company at least three months prior to his or her last day of employment.

4. Time and Form of Payment. Subject to the provisions of this Grant Agreement and the Plan, as the number of Units vest under Section 2 or under Section 3 above, as the case may be, the Company will deliver to the Grantee the same number of whole shares of Stock, rounded up or down. Subject to Section 20 below, the Company must deliver the vested shares (if any) within 15 days of the applicable vesting date.

5. Nontransferability. The Units granted by this Grant Agreement shall not be transferable by the Grantee or any other person claiming through the Grantee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or as otherwise provided under Article 13 of the Plan.

6. Adjustments. In the event of a stock dividend or in the event the Stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up,

combination of shares, merger or consolidation, there shall be substituted for each such remaining share of Stock then subject to this Grant Agreement the number and class of shares of stock into which each outstanding share of Stock shall be so exchanged, all as set forth in Section 5.3 of the Plan.

7. Delivery of Shares. No shares of Stock shall be delivered under this Grant Agreement until: (i) the Units vest in accordance with the schedule set forth in Section 2 or pursuant to Section 3 above, as the case may be; (ii) approval of any governmental authority required in connection with the Grant Agreement, or the issuance of shares thereunder, has been received by the Company; (iii) if required by the Committee, the Grantee has delivered to the Company documentation (in form and content acceptable to the Company in its sole and absolute discretion) to assist the Company in concluding that the issuance to the Grantee of any share of Stock under this Grant Agreement would not violate the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable federal, state or local securities or other laws or regulations; (iv) the Grantee has complied with Section 13 below, in order for the proper provision for required tax withholdings to be made; and (v) the Grantee has executed and returned this Grant Agreement to the Company (which, in the case of a Grant Agreement provided to the Grantee in electronic format, requires that the Grantee click the "ACCEPT" button). This Grant Agreement must be executed by the Grantee no later than the date 11 months from the Grant Date, which is through and including the normal close of business of the Company for its headquarters location in Phoenix, Arizona on January 16, 2022.

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

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

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

10.1 Description of Electronic Delivery. The Plan documents – which may include but do not necessarily include the Plan, a grant notice, this Grant Agreement, the Plan Prospectus, and any reports of the Company provided generally to the Company's stockholders –

may be delivered to the Grantee electronically. In addition, the Grantee may deliver electronically any grant notice and this Grant Agreement to the Company or to such third party involved in administering the Plan as the Company may designate from time-to-time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

10.2 Consent to Electronic Delivery. The Grantee acknowledges that the Grantee has read Section 10.1 above, and consents to the electronic delivery of the Plan documents and any grant notice, as described in Section 10.1. The Grantee acknowledges that he may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company by telephone or in writing.

11. Administration. This Grant Agreement is subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Committee in accordance with the terms and provisions of the Plan. The Committee shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the majority of the Committee with respect to the Plan and this Grant Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Grant Agreement and the Plan, the provisions of the Plan shall control.

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

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

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

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or such greater amounts not to exceed the maximum statutory rate necessary, in the applicable jurisdiction, to satisfy federal, state, and local withholding tax requirements (but only if withholding at a rate greater than the minimum statutory rate will not result in adverse financial accounting consequences). In the event that the Company withholds an amount for Tax-Related Items that exceeds the maximum withholding amount under applicable law, the Grantee shall receive a refund of such over-withheld amount in cash and shall have no entitlement to an equivalent amount in Stock. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock as described herein, for tax purposes, the Grantee shall be deemed to have been issued the full number of shares of Stock subject to the Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of the Grantee's participation in the Plan.

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

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

15. Integrated Agreement. Any grant notice, this Grant Agreement and the Plan shall constitute the entire understanding and agreement of the Grantee and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Grantee and the

Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of any grant notice and this Grant Agreement shall survive any settlement of the Award and shall remain in full force and effect.

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

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

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

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

20. Section 409A Compliance. Section 409A of the Code imposes an additional 20% tax, plus interest, on payments from “non-qualified deferred compensation plans.” Certain payments under this Grant Agreement could be considered to be payments under a “non-qualified deferred compensation plan.” The additional 20% tax and interest do not apply if the payment qualifies for an exception to the requirements of Section 409A or complies with the requirements of Section 409A. The Company believes, but does not and cannot warrant or guaranty, that the payments due pursuant to this Grant Agreement comply with, or are exempt from, the requirements of Section 409A. Notwithstanding anything to the contrary in this Grant Agreement, if the Company determines that no exception to Section 409A applies to the payments due pursuant to this Grant Agreement, to the extent any payments are due on the Grantee’s termination of employment, the term “termination of employment” shall mean “separation from service” as defined in Treasury Regulation Section 1.409A-1(h) and, to the extent any payments are due on a Change in Control, the term Change in Control shall mean a “change in control event” as defined in Section 409A of the Code. In addition, if the Grantee is a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and any payments due pursuant to this Grant Agreement are payable on the Grantee’s “separation from service,” then such payments shall be paid on the first business day following the expiration of the six

month period following the Grantee's "separation from service." This Grant Agreement shall be operated in compliance with Section 409A or an exception thereto and each provision of this Grant Agreement shall be interpreted, to the extent possible, to comply with Section 409A or to qualify for an applicable exception. The Grantee remains solely responsible for any adverse tax consequences imposed upon the Grantee by Section 409A.

21. Confidentiality; Reaffirmation of Restrictive Covenants; Violation.

21.1 Confidentiality of Agreement. The Grantee acknowledges and agrees that the terms of this Grant Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party.

21.2 Exceptions. There are limited exceptions to the above confidentiality requirement if the Grantee is providing information to government agencies, including but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent), and the Securities and Exchange Commission. This Grant Agreement does not limit the Grantee's ability to communicate with any government agencies regarding matters within their jurisdiction or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice, to the government agencies. Nothing in this Grant Agreement shall prevent the Grantee from disclosing confidential information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that the Grantee files a lawsuit alleging retaliation by the Company for reporting a suspected violation of law, the Grantee may disclose confidential information or trade secrets related to the suspected violation of law or alleged retaliation to the Grantee's attorney and use the confidential information or trade secrets in the court proceeding if the Grantee or the Grantee's attorney: (x) files any document containing confidential information or trade secrets under seal; and (y) does not disclose the confidential information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with, among others, the Defend Trade Secrets Act of 2016.

21.3 Reaffirmation of Restrictive Covenants. By accepting this Award, the Grantee reaffirms his or her obligation to comply with the confidentiality, non-competition, non-solicitation, non-disclosure, confidential information, and similar restrictive covenant provisions set forth in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties.

21.4 Violation. If the Grantee violates the confidentiality provisions of this Section 21, or the restrictive covenant provisions contained in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties (e.g., non-competition provisions, non-solicitation provisions, non-disclosure provisions, confidential information provisions, etc.), the Company, without waiving any other remedy available, may

revoke this Award without further obligation or liability, and the Grantee may be subject to disciplinary action, up to and including the Company's termination of the Grantee's employment.

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

23. **Imposition of Other Requirements.** The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Further, the Award and profits under this Grant Agreement are subject to the Company's compensation recovery policy or policies (and related Company practices) as such may be in effect from time-to-time, whether or not such policies were adopted in response to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended, and similar or related laws, rules and regulations. In addition to the Company's compensation recovery policy or policies, and notwithstanding anything in the Plan or any Employment Agreement to the contrary, the Company may require the Grantee to forfeit all or a portion of any unvested Units and any shares of Stock delivered pursuant to this Grant Agreement if: (i) the Grantee's employment is terminated for Cause; or (ii) the Committee, in its sole and absolute discretion, determines that the Grantee engaged in serious misconduct that results or might reasonably be expected to result in financial or reputational harm to the Company. The Grantee agrees to fully cooperate with the Company in assuring compliance with the provisions of this Section 23 and such compensation recovery policies and the provisions of applicable law, including, but not limited to, promptly returning any compensation subject to recovery by the Company pursuant to the provisions of this Section 23, such policies and applicable law.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

ON SEMICONDUCTOR CORPORATION

By: /s/ GEORGE H. CAVE

Name: George H. Cave

Title: Executive Vice President, General Counsel, Chief Compliance Officer, Chief Risk Officer and Secretary

GRANTEE

/s/ THAD TRENT

Name: Thad Trent

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

ON Semiconductor Corporation, a Delaware Corporation (the “Company”), hereby grants to Thad Trent (the “Grantee”), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time (the “Plan”), a Performance-Based Restricted Stock Units Award (the “Award”) for units (“Units”) representing shares of the common stock of the Company (“Stock”). This agreement to grant Stock Units (this “Grant Agreement”) is made effective as of February 16, 2021 (the “Grant Date”).

RECITALS

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

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

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

D. To the extent not specifically defined herein or in the Grantee’s offer letter, employment agreement or comparable agreement, as amended from time to time (the “Employment Agreement”), all capitalized terms used in this Grant Agreement shall have the meaning set forth in the Plan unless a contrary meaning is set forth in the Employment Agreement.

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

1. Grant of Units. The Company hereby grants to the Grantee a Performance-Based Restricted Stock Units Award for 91,996 Units, representing the right to receive payment of the same number of shares of Stock, subject to the terms and conditions of this Grant Agreement and the provisions of the Plan, which terms are incorporated herein by reference.

2. Earning Units and Related Information.

2.1 Earning Units. Subject to the terms and conditions set forth in the Plan and this Grant Agreement, the Grantee shall be entitled to receive payment for the number of Units earned by the Grantee over the two year period beginning February 16, 2021 and ending February 15, 2023 (the

“Performance Measurement Period”). The number of Units earned pursuant to this Grant Agreement is a function of the extent to which the Performance Goal described in the table below is achieved.

RELATIVE TSR PERFORMANCE GOAL

Performance Level	Relative TSR	Percentage of Units Eligible to be Earned
Target or Above	Greater than or equal to the 75 th percentile	100%
Threshold	Greater than the 50 th percentile	50%

If the Company’s Relative TSR (defined below) for the Performance Measurement Period is equal to or less than the 50th percentile performance achievement level, no Units will be earned at the end of the Performance Measurement Period. If the Company’s Relative TSR for the Performance Measurement Period exceeds the 50th percentile performance level, but is less than the Target performance level, the number of Units earned at the end of the Performance Measurement Period will be determined by applying straight-line interpolation between the Threshold performance level and Target performance level for the Performance Goal. If the Company’s Relative TSR for the Performance Measurement Period equals or exceeds the Target performance level, then all of the Units will be earned at the end of the Performance Measurement Period. Any Units that are unearned pursuant to Section 2.1 at the end of the Performance Measurement Period will be forfeited no later than the Vesting Date. The number of earned Units that will become vested shall be determined pursuant to Section 3 and Section 4 below. Whether the Performance Goal for the Performance Measurement Period has been achieved shall be determined pursuant to Section 2.3 below.

2.2 Relative TSR Performance Goal Defined. For purposes of this Grant Agreement, “Relative TSR” shall mean the Company’s Total Shareholder Return as compared to the Total Shareholder Return of the group of companies listed on Exhibit A (the “TSR Companies”). For this purpose, “TSR” or “Total Shareholder Return” for the Company and the TSR Companies will be calculated by adding any dividends paid by the Company (or such other companies) to the change in value of the Stock (or the other companies’ common stock). The change in value shall be measured by comparing the “Beginning Stock Price” and “Ending Stock Price.” The “Beginning Stock Price” is the average closing price of the Stock (or the common stock of the other companies) for the three-month period immediately preceding the Grant Date. Subject to Section 4.2 and Section 4.3 in connection with any applicable termination of the Grantee’s employment, the “Ending Stock Price” is the average closing price of the Stock (or the common stock of the other companies) for the three-month period immediately preceding the end of the Performance Measurement Period; provided that (even absent a termination of employment of the Grantee in connection with a Change in Control, which is covered by Section 4.2 below) in the event of a Change in Control: (i) following which the Stock is no longer listed for trading on NASDAQ or another U.S. national securities trading exchange, and (ii) in connection with which the fair value of a Share is determinable as of the effective time of such Change in Control, then the “Ending Stock Price” shall be based on the fair value of a Share as of the effective time of the Change in Control.

2.3 Final Determination of Performance Goals Attained. Subject to the provisions of the Plan and the Charter of the Committee, the Committee shall be responsible for determining in good faith whether, and to what extent, the Performance Goal set forth in this Grant Agreement has been achieved. The Committee may reasonably rely on information from, and representations by, individuals within the Company in making such determination and when made such determination shall be final and binding on the Grantee. The Committee shall certify such determination no later than thirty (30) days following the end of the Performance Measurement Period.

3. Vesting of Earned Units. Subject to Section 4 below, all of the Units earned pursuant to Section 2.1 (the “Total Earned Units”), shall vest on the first business day following the Committee’s certification pursuant to Section 2.3 (the “Vesting Date”).

4. Termination of Employment or Services.

4.1 General. Subject to the provisions of Section 4.2 and Section 4.3 below, if the Grantee terminates employment with the Company for any reason (including upon a termination for Cause), or otherwise ceases to perform services for the Company, any unvested Units will be canceled and forfeited as of the date of the Grantee’s termination of employment. In other words, subject to Section 4.2 and Section 4.3 below, the Grantee must be employed by the Company on the Vesting Date to receive any payment for the Units that are scheduled to vest on such Vesting Date.

4.2 Change in Control. If the Company terminates the Grantee’s employment without Cause (including a termination for Good Reason, as defined in the Employment Agreement) in connection with or following any Change in Control, and subject to the release of claims described in the Employment Agreement, (i) any then unvested Total Earned Units shall become immediately vested, and (ii) the Total Earned Units that vest hereunder shall equal all Units as if the Target performance level had been achieved. The Vesting Date for any Units that vest pursuant to this Section 4.2 shall be the date of the Grantee’s termination of employment.

4.3 Termination without Cause / Resignation for Good Reason. In the event of the termination of the Grantee’s employment by the Company without Cause (including a deemed termination for Good Reason, as defined in the Employment Agreement) other than in circumstances covered by Section 4.2 above, and subject to the release of claims described in the Employment Agreement, the number of Total Earned Units that will vest will be determined by multiplying (a) the number of Total Earned Units (determined in accordance with the following sentence), by (b) a fraction, the numerator of which is the number of days the Grantee was employed by the Company or its affiliates during the Performance Measurement Period, and the denominator of which is 730 (the “Pro Rata Vesting Amount”). In such circumstances, the number of Total Earned Units for purposes of subsection (a) of this Section 4.3 shall be the number of Units the Grantee would have earned pursuant to Sections 2.1 and 2.2 above, except that the “Ending Stock Price” shall be based on the average closing price of the Stock for the three-month period immediately preceding the date of the Grantee’s termination of employment. The Vesting Date for any Units that vest pursuant to this Section 4.3 shall be the date of the Grantee’s termination of employment.

5. **Time and Form of Payment.** Subject to the provisions of this Grant Agreement and the Plan, as Units vest on the Vesting Dates set forth in Section 3, Section 4.2, or Section 4.3 above, as the case may be, the Company will deliver to the Grantee the same number of whole shares of Stock, rounded up or down. Subject to Section 21 below, the Company shall deliver the vested shares (if any) within 15 days of the applicable Vesting Date. If the Company determines that the acceleration of the time of payment for the Units that vest in accordance with Section 4.2 or Section 4.3 above, would violate the requirements of Section 409A of the Code, the payment will be deferred and shall be paid on the earliest date coinciding with or following the Vesting Date that does not result in a violation of or penalties under Section 409A of the Code.

6. **Nontransferability.** The Units granted by this Grant Agreement shall not be transferable by the Grantee or any other person claiming through the Grantee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or as otherwise provided under Article 13 of the Plan.

7. **Adjustments.** In the event of a stock dividend or in the event the Stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger, or consolidation, there shall be substituted for each such remaining share of Stock then subject to this Grant Agreement the number and class of shares of stock into which each outstanding share of Stock shall be so exchanged, all as set forth in Section 5.3 of the Plan.

8. **Delivery of Shares.** No shares of Stock shall be delivered under this Grant Agreement until: (i) the Units vest pursuant to Section 3, Section 4.2, or Section 4.3 above, as the case may be; (ii) approval of any governmental authority required in connection with the Grant Agreement, or the issuance of shares thereunder, has been received by the Company; (iii) if required by the Committee, the Grantee has delivered to the Company documentation (in form and content acceptable to the Company in its sole and absolute discretion) to assist the Company in concluding that the issuance to the Grantee of any share of Stock under this Grant Agreement would not violate the Securities Act of 1933, as amended (the "Securities Act"), or any other applicable federal, state or local securities or other laws or regulations; (iv) the Grantee has complied with Section 14 below, in order for the proper provision for required tax withholdings to be made; and (v) the Grantee has executed and returned this Grant Agreement to the Company (which, in the case of a Grant Agreement provided to the Grantee in electronic format, requires that the Grantee click the "ACCEPT" button). This Grant Agreement must be executed by the Grantee no later than the earlier of: (x) 10 months from the Grant Date (through and including the normal close of business of the Company for its headquarters location in Phoenix, Arizona on December 16, 2021); or (y) the date preceding the Vesting Date described in Section 3 above.

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

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

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

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

11.2 Consent to Electronic Delivery. The Grantee acknowledges that the Grantee has read Section 11.1 above, and consents to the electronic delivery of the Plan documents and any grant notice, as described in Section 11.1. The Grantee acknowledges that the Grantee may receive from the Company a paper copy of any documents delivered electronically at no cost by contacting the Company by telephone or in writing.

12. Administration. This Grant Agreement is subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Committee in accordance with the terms and provisions of the Plan. The Committee shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the majority of the Committee with respect to the Plan and this Grant Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Grant Agreement and the Plan, the provisions of the Plan shall control.

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

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

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

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or such greater amounts not to exceed the maximum statutory rate necessary, in the applicable jurisdiction, to satisfy federal, state, and local withholding tax requirements (but only if withholding at a rate greater than the minimum statutory rate will not result in adverse financial accounting consequences). In the event that the Company withholds an amount for Tax-Related Items that exceeds the maximum withholding amount under applicable law, the Grantee shall receive a refund of such over-withheld amount in cash and shall have no entitlement to an equivalent amount in Stock. If the obligation for Tax-Related Items is satisfied by withholding a number of

shares of Stock as described herein, for tax purposes, the Grantee shall be deemed to have been issued the full number of shares of Stock subject to the Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of the Grantee's participation in the Plan.

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

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

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

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

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

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

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

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

22. Confidentiality of Agreement.

22.1 General. The Grantee acknowledges and agrees that the terms of this Grant Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party.

22.2 Exceptions. There are limited exceptions to the above confidentiality requirement if the Grantee is providing information to government agencies, including but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent), and the Securities and Exchange Commission. This Grant Agreement does not limit the Grantee’s ability to communicate with any government agencies regarding matters within their jurisdiction or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice, to the government agencies. Nothing in this Grant Agreement shall prevent the Grantee from disclosing confidential information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that the Grantee files a lawsuit alleging retaliation by the Company for reporting a suspected violation of law, the Grantee may disclose confidential information or

trade secrets related to the suspected violation of law or alleged retaliation to the Grantee's attorney and use the confidential information or trade secrets in the court proceeding if the Grantee or the Grantee's attorney: (x) files any document containing confidential information or trade secrets under seal; and (y) does not disclose the confidential information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with, among others, the Defend Trade Secrets Act of 2016.

22.3 Reaffirmation of Restrictive Covenants. By accepting this Award, the Grantee reaffirms his or her obligation to comply with the confidentiality, non-competition, non-solicitation, non-disclosure, confidential information, and similar restrictive covenant provisions set forth in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties.

22.4 Violation. If the Grantee violates the confidentiality provisions of this Section 22, or the restrictive covenant provisions contained in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties (e.g., non-competition provisions, non-solicitation provisions, non-disclosure provisions, confidential information provisions, etc.), the Company, without waiving any other remedy available, may revoke this Award without further obligation or liability, and the Grantee may be subject to disciplinary action, up to and including the Company's termination of the Grantee's employment.

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

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Further, the Award and profits under this Grant Agreement are subject to the Company's compensation recovery policy or policies (and related Company practices) as such may be in effect from time-to-time, whether or not such policies were adopted in response to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended, and similar or related laws, rules and regulations. In addition to the Company's compensation recovery policy or policies, and notwithstanding anything in the Plan or any Employment Agreement to the contrary, the Company may require the Grantee to forfeit all or a portion of any unvested Units and any shares of Stock delivered pursuant to this Grant Agreement if: (i) the Grantee's employment is terminated for Cause; or (ii) the Committee, in its sole and absolute

discretion, determines that the Grantee engaged in serious misconduct that results or might reasonably be expected to result in financial or reputational harm to the Company. The Grantee agrees to fully cooperate with the Company in assuring compliance with the provisions of this Section 24 and such compensation recovery policies and the provisions of applicable law, including, but not limited to, promptly returning any compensation subject to recovery by the Company pursuant to the provisions of this Section 24, such policies and applicable law.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

ON SEMICONDUCTOR CORPORATION

By: /s/ GEORGE H. CAVE

Name: George H. Cave

Title: Executive Vice President, General Counsel, Chief Compliance Officer, Chief Risk Officer and Secretary

GRANTEE

/s/ THAD TRENT

Name: Thad Trent

**ON SEMICONDUCTOR CORPORATION AMENDED AND RESTATED STOCK INCENTIVE PLAN RESTRICTED
STOCK UNITS AWARD AGREEMENT
(Senior Employee Group)**

ON Semiconductor Corporation, a Delaware Corporation (the “*Company*”), hereby grants to _____ (the “*Grantee*”), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time (the “*Plan*”), a Restricted Stock Units Award (the “*Award*”) for units (the “*Units*”) representing shares of the common stock of the Company (“*Stock*”). This agreement to grant Units (this “*Grant Agreement*”) is made effective as of February 12, 2021 (the “*Grant Date*”).

RECITALS

A. The Units have been to the Grantee hereunder to provide an incentive to the Grantee to focus on the long-term growth of the Company, to protect the Company’s goodwill with its employees, to protect the Company’s goodwill with its customers, and to protect the confidential information of the Company.

B. To the extent not specifically defined herein or in the Grantee’s offer letter, employment agreement or comparable agreement, as amended from time to time (the “*Employment Agreement*”), all capitalized terms used in this Grant Agreement shall have the meaning set forth in the Plan unless a contrary meaning is set forth in the Employment Agreement.

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

1. Grant of Units. The Company hereby grants to the Grantee a Restricted Stock Units Award for _____ Units, representing the right to receive payment of the same number of shares of Stock, subject to the terms and conditions of this Grant Agreement and the provisions of the Plan, which terms are incorporated herein by reference.

2. Vesting of Units. Subject to the provisions of the Plan and Section 3 below, the Units will vest in accordance with the schedule below:

2.1 _____ Units will vest on **February 12, 2022**;

2.2 An additional _____ Units will vest on **February 12, 2023**; and

2.3 The final _____ Units will vest on **February 12, 2024**.

3. Termination of Employment or Services. Subject to the provisions of any Employment Agreement between the Grantee and the Company (or one of its affiliates), if employment of the Grantee with the Company terminates for any reason (including upon a termination for Cause), or the Grantee otherwise ceases to perform services for the Company,

any Units that are not vested under the schedule in Section 2 above, will be canceled and forfeited as of the date of the Grantee's termination of employment or service.

4. **Time and Form of Payment.** Subject to the provisions of this Grant Agreement and the Plan, as the number of Units vest under Section 2 or under Section 3 above, as the case may be, the Company will deliver to the Grantee the same number of whole shares of Stock, rounded up or down. Subject to Section 20 below, the Company shall deliver the vested shares of Stock (if any) within 15 days of the applicable vesting date.

5. **Nontransferability.** The Units granted by this Grant Agreement shall not be transferable by the Grantee or any other person claiming through the Grantee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or as otherwise provided under Article 13 of the Plan.

6. **Adjustments.** In the event of a stock dividend or in the event the Stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation or other similar corporate change, the Award shall be subject to adjustment, as set forth in Section 5.3 of the Plan.

7. **Delivery of Shares.** No shares of Stock shall be delivered under this Grant Agreement until: (i) the Units vest in accordance with the schedule set forth in Section 2 or pursuant to Section 3 above, as the case may be; (ii) approval of any governmental authority required in connection with the Grant Agreement, or the issuance of shares thereunder, has been received by the Company; (iii) if required by the Compensation Committee of the Board of Directors (the "**Committee**"), the Grantee has delivered to the Company documentation (in form and content acceptable to the Company in its sole and absolute discretion) to assist the Company in concluding that the issuance to the Grantee of any share of Stock under this Grant Agreement would not violate the Securities Act of 1933, as amended (the "**Securities Act**"), or any other applicable federal, state or local securities or other laws or regulations; (iv) the Grantee has complied with Section 13 below, in order for the proper provision for required tax withholdings to be made; and (v) the Grantee has executed and returned this Grant Agreement to the Company (which, in the case of a Grant Agreement provided to the Grantee in electronic format, requires that the Grantee click the "ACCEPT" button). This Grant Agreement must be executed by the Grantee within 150 days following the Grant Date, unless otherwise determined by the Committee.

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

9. **Voting and Other Stockholder Related Rights.** The Grantee will have no voting rights or any other rights as a stockholder of the Company (e.g., no rights to cash

dividends) with respect to unvested Units until the Units become vested and the Company issues shares of Stock to the Grantee.

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

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

10.2 Consent to Electronic Delivery. The Grantee acknowledges that the Grantee has read Section 10.1 above, and consents to the electronic delivery of the Plan documents and any grant notice, as described in Section 10.1. The Grantee acknowledges that he may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company by telephone or in writing.

11. Administration. This Grant Agreement is subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Committee in accordance with the terms and provisions of the Plan. The Committee shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the majority of the Committee with respect to the Plan and this Grant Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Grant Agreement and the Plan, the provisions of the Plan shall control.

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

13. Responsibility for Taxes and Withholdings. The Grantee acknowledges that, regardless of any action the Company or the Grantee’s actual employer (the “*Employer*”) takes with respect to any or all income tax, social insurance, payroll tax, fringe benefits tax, payment

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

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

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or such greater amounts not to exceed the maximum statutory rate necessary, in the applicable jurisdiction, to satisfy federal, state, and local withholding tax requirements (but only if withholding at a rate greater than the minimum statutory rate will not result in adverse financial or accounting consequences for the Company). In the event that the Company withholds an amount for Tax-Related Items that exceeds the maximum withholding amount under applicable law, the Grantee shall receive a refund of such over-withheld amount in cash and shall have no entitlement to an equivalent amount in Stock. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock as described herein, for tax purposes, the Grantee shall be deemed to have been issued the full number of shares of Stock subject to the Award, notwithstanding that a

number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of the Grantee's participation in the Plan.

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

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

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

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

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

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

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

20. Section 409A Compliance. Section 409A of the Code imposes an additional 20% tax, plus interest, on payments from “non-qualified deferred compensation plans.” Certain payments under this Grant Agreement could be considered to be payments under a “non-qualified deferred compensation plan.” The additional 20% tax and interest do not apply if the payment qualifies for an exception to the requirements of Section 409A or complies with the requirements of Section 409A. The Company believes, but does not and cannot warrant or guaranty, that the payments due pursuant to this Grant Agreement comply with, or are exempt from, the requirements of Section 409A. Notwithstanding anything to the contrary in this Grant Agreement, if the Company determines that no exception to Section 409A applies to the payments due pursuant to this Grant Agreement, to the extent any payments are due on the Grantee’s termination of employment, the term “termination of employment” shall mean “separation from service” as defined in Treasury Regulation Section 1.409A-1(h) and to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, a Change in Control shall not be deemed to have occurred unless and until a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5)(i) has occurred. In addition, if the Grantee is a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and any payments due pursuant to this Grant Agreement are payable on the Grantee’s “separation from service,” then such payments shall be paid on the first business day following the expiration of the six month period following the Grantee’s “separation from service.” This Grant Agreement shall be operated in compliance with Section 409A or an exception thereto and each provision of this Grant Agreement shall be interpreted, to the extent possible, to comply with Section 409A or to qualify for an applicable exception. The Grantee remains solely responsible for any adverse tax consequences imposed upon the Grantee by Section 409A.

21. Confidentiality; Reaffirmation of Restrictive Covenants; Violation.

21.1 Confidentiality of Agreement. The Grantee acknowledges and agrees that the terms of this Grant Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party.

21.2 Exceptions. There are limited exceptions to the above confidentiality requirement if the Grantee is providing information to government agencies, including but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent), and the Securities and Exchange Commission. This Grant Agreement does not limit the Grantee’s ability to communicate with any government agencies regarding matters within their jurisdiction or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice, to the government agencies. Nothing in this Grant Agreement shall prevent the Grantee from disclosing confidential information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that the Grantee files a lawsuit alleging retaliation by the

Company for reporting a suspected violation of law, the Grantee may disclose confidential information or trade secrets related to the suspected violation of law or alleged retaliation to the Grantee's attorney and use the confidential information or trade secrets in the court proceeding if the Grantee or the Grantee's attorney: (x) files any document containing confidential information or trade secrets under seal; and (y) does not disclose the confidential information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with, among others, the Defend Trade Secrets Act of 2016.

21.3 Reaffirmation of Restrictive Covenants. By accepting this Award, the Grantee reaffirms his or her obligation to comply with the confidentiality, non-competition, non-solicitation, non-disclosure, confidential information, and similar restrictive covenant provisions set forth in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties.

21.4 Violation. If the Grantee violates the confidentiality provisions of this Section 21, or the restrictive covenant provisions contained in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties (e.g., non-competition provisions, non-solicitation provisions, non-disclosure provisions, confidential information provisions, etc.), the Company, without waiving any other remedy available, may revoke this Award without further obligation or liability, and the Grantee may be subject to disciplinary action, up to and including the Company's termination of the Grantee's employment.

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

23. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Further, the Award and profits under this Grant Agreement are subject to the Company's compensation recovery policy or policies (and related Company practices) as such may be in effect from time-to-time, whether or not such policies were adopted in response to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended, and similar or related laws, rules and regulations. In addition to the Company's compensation recovery policy or policies, and notwithstanding anything in the Plan or any Employment Agreement to the contrary, the Company may require the Grantee to forfeit all or a portion of any unvested Units and any shares of Stock delivered pursuant to this Grant Agreement if: (i) the

Grantee's employment is terminated for Cause; or (ii) the Committee, in its sole and absolute discretion, determines that the Grantee engaged in serious misconduct that results or might reasonably be expected to result in financial or reputational harm to the Company. The Grantee agrees to fully cooperate with the Company in assuring compliance with the provisions of this Section 23 and such compensation recovery policies and the provisions of applicable law, including, but not limited to, promptly returning any compensation subject to recovery by the Company pursuant to the provisions of this Section 23, such policies and applicable law.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

ON SEMICONDUCTOR CORPORATION

By: _____
Name:
Title:

GRANTEE

Name:

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

ON Semiconductor Corporation, a Delaware Corporation (the “*Company*”), hereby grants to _____ (the “*Grantee*”), a Participant in the ON Semiconductor Corporation Amended and Restated Stock Incentive Plan, as amended from time-to-time (the “*Plan*”), a Performance-Based Restricted Stock Units Award (the “*Award*”) for units (including the Base Award Units, the Upside Units and the TSR Multiplier Units (each as defined below and collectively, the “*Units*”)) representing shares of the common stock of the Company (“*Stock*”). This agreement to grant Units (this “*Grant Agreement*”) is made effective as of February 12, 2021 (the “*Grant Date*”).

RECITALS

A. The Units have been to the Grantee hereunder to provide an incentive to the Grantee to focus on the long-term growth of the Company, to protect the Company’s goodwill with its employees, to protect the Company’s goodwill with its customers, and to protect the confidential information of the Company.

B. To the extent not specifically defined herein or in the Grantee’s offer letter, employment agreement or comparable agreement, as amended from time to time (the “*Employment Agreement*”), all capitalized terms used in this Grant Agreement shall have the meaning set forth in the Plan unless a contrary meaning is set forth in the Employment Agreement.

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

1. Grant of Units.

1.1 Base Award Units and Upside Units. The Company hereby grants to the Grantee a Performance-Based Restricted Stock Units Award for up to:

1.1.1 _____ Units (the “*Base Award Units*”), which Base Award Units shall be (a) comprised of (i) _____ Base Award Units subject to the Revenue Performance Goal (as defined below) (the “*Revenue Base Units*”), (ii) _____ Base Award Units subject to the Gross Margin Performance Goal (as defined below) (the “*Gross Margin Base Units*”), and (iii) _____ subject to the Operating Expense Performance Goal (as defined below) (the “*Operating Expense Base Units*”), and (b) subject to reduction by the TSR Adjustment if, at the time of the measurement of any of the Year 1 Relative TSR Performance Goal, the Year 2 Relative TSR Performance Goal and/or the Year 3 Relative TSR Performance Goal, the Company’s Relative TSR for such applicable Performance Measurement Period is less than the 25th percentile; and

1.1.2 an additional number of Units equal to 50% of the Base Award Units (the “**Upside Units**”), which Upside Units shall be (a) potentially earned in the event of the achievement above the Revenue Target Performance Level, above the Gross Margin Target Performance and/or above the Operating Expense Target Performance Level as set forth in Section 2.1, and (b) subject to reduction by the TSR Adjustment if, at the time of the measurement of any of the Year 1 Relative TSR Performance Goal, the Year 2 Relative TSR Performance Goal and/or the Year 3 Relative TSR Performance Goal, the Company’s Relative TSR for such applicable Performance Measurement Period is less than the 25th percentile.

For purposes of this Grant Agreement, “**TSR Adjustment**” shall mean a 50% reduction in the number of Base Award Units and Upside Award Units otherwise earned for the applicable Performance Measurement Period (it being acknowledged and agreed that whether or not a TSR Adjustment shall be taken will be determined on a Performance Measurement Period by Performance Measurement Period basis). To the extent actually earned in connection with the satisfaction of the applicable Financial Performance Goal (and subject to adjustment as described above with respect to the TSR Adjustment), the Base Award Units and Upside Units represent the right to receive payment of the same number of shares of Stock, subject to the terms and conditions of this Grant Agreement and the provisions of the Plan.

1.2 TSR Multiplier Units. As set forth in Section 2.3 below, this Grant Agreement also provides for (x) the potential to earn up to a number of additional Units equal to (a) 50%, multiplied by (b) the sum of (i) the number of Base Award Units actually earned hereunder in accordance with Section 2.1 and Section 2.5, plus (ii) the number of Upside Units actually earned hereunder in accordance with Section 2.1 and Section 2.5 (the resulting amount, the “**TSR Multiplier Units**”), which TSR Multiplier Units shall be comprised of (i) 1/3 of the aggregate TSR Multiplier Units that are subject to the Year 1 Relative TSR Performance Goal (as defined below) (the “**Year 1 TSR Multiplier Units**”), (ii) 1/3 of the aggregate TSR Multiplier Units that are subject to the Year 2 Relative TSR Performance Goal (as defined below) (the “**Year 2 TSR Multiplier Units**”), and (iii) 1/3 of the aggregate TSR Multiplier Units that are subject to the Year 3 Relative TSR Performance Goal (as defined below) (the “**Year 3 TSR Multiplier Units**”). To the extent actually earned in connection with the satisfaction of the applicable TSR Multiplier Performance Goal, the TSR Multiplier Units represent the right to receive payment of up to the same number of shares of Stock, subject to the terms and conditions of this Grant Agreement and the provisions of the Plan.

1.3 Grant Illustration. For illustrative purposes only (and with no effect on this Grant Agreement), attached as Appendix 1 provides an illustration of the implementation of an illustrative grant.

2. Earning Units and Related Information.

2.1 Earning Base Award Units and Upside Units. Subject to the terms and conditions set forth in the Plan and this Grant Agreement (including any applicable TSR Adjustment as described in Section 1.1), the Grantee shall be entitled to receive payment for the number of Base Award Units and/or the Upside Units, as applicable, earned by the Grantee over the one-year period beginning on January 1, 2021 and ending on December 31, 2021 (the “**Base Performance Measurement Period**”).

The number of Revenue Base Units, Gross Margin Base Units, Operating Expense Base Units and related Upside Units, as applicable, earned pursuant to this Grant Agreement is a function of (i) the extent to which the applicable performance goal described in the table below (each, a “**Financial Performance Goal**”) is achieved, and (ii) any applicable reduction by the TSR Adjustment to be taken pursuant to the terms of Section 1.1.

Financial Performance Goal	Performance Levels	Achievement	Resulting Percentage Payout
Revenue Performance Goal	Revenue Upside Performance Level	\$5,990,000,000 (or greater) in Revenue	150% of Revenue Base Units
	Revenue Target Performance Level	\$5,700,000,000 in Revenue	100% of Revenue Base Units
	Revenue Threshold Performance Level	\$5,250,000,000 in Revenue	0% of Revenue Base Units
Gross Margin Performance Goal	Gross Margin Upside Performance Level	40% (or greater) Gross Margin	150% of Gross Margin Base Units
	Gross Margin Target Performance Level	38% Gross Margin	100% of Gross Margin Base Units
	Gross Margin Threshold Performance Level	34.4% Gross Margin	0% of Gross Margin Base Units
Operating Expense Performance Goal	Operating Expense Upside Performance Level	20% (or lower) Operating Expense Ratio	150% of Operating Expense Base Units
	Operating Expense Target Performance Level	23% Operating Expense Ratio	100% of Operating Expense Base Units
	Operating Expense Threshold Performance Level	25% Operating Expense Ratio	0% of Operating Expense Base Units

2.1.1 If (i) the Company’s Revenue for the Base Performance Measurement Period is equal to or less than the Revenue Threshold Performance Level, then no Revenue Base Units will be earned; (ii) the Company’s Gross Margin for the Base Performance Measurement Period is equal to or less than the Gross Margin Threshold Performance Level, then no Gross Margin Base Units will be earned; and (iii) the Company’s Operating Expense Ratio for the Base Performance Measurement Period is equal to or less than the Operating Expense Threshold Performance Level, then no Operating Expense Base Units will be earned.

2.1.2 Subject to any TSR Adjustment under Section 1.1, if the Company’s Revenue for the Base Performance Measurement Period exceeds the Revenue Threshold Performance Level, but is less than the Revenue Target Performance Level, then the number of Revenue Base Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Revenue Threshold Performance Level and Revenue Target Performance

Level. Subject to any TSR Adjustment under Section 1.1, if the Company's Gross Margin for the Base Performance Measurement Period exceeds the Gross Margin Threshold Performance Level, but is less than the Gross Margin Target Performance Level, then the number of Gross Margin Base Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Gross Margin Threshold Performance Level and Gross Margin Target Performance Level. Subject to any TSR Adjustment under Section 1.1, if the Company's Operating Expense Ratio for the Base Performance Measurement Period exceeds the Operating Expense Threshold Performance Level, but is less than the Operating Expense Target Performance Level, then the number of Operating Expense Base Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Operating Expense Threshold Performance Level and Operating Expense Target Performance Level.

2.1.3 Subject to any TSR Adjustment under Section 1.1, if the Company's Revenue for the Base Performance Measurement Period equals or exceeds the Revenue Target Performance Level, then (i) 100% of the Revenue Base Units will be earned at the end of the Base Performance Measurement Period, and (ii) the number of additional Upside Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Revenue Target Performance Level and the Revenue Upside Performance Level (with no additional Upside Units being earned at the Revenue Target Performance Level and a number of Upside Units equal to 50% of the Revenue Base Units being earned at the Revenue Upside Performance Level (or greater)). Subject to any TSR Adjustment under Section 1.1, if the Company's Gross Margin for the Base Performance Measurement Period equals or exceeds the Gross Margin Target Performance Level, then (a) 100% of the Gross Margin Base Units will be earned at the end of the Base Performance Measurement Period, and (b) the number of additional Upside Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Gross Margin Target Performance Level and the Gross Margin Upside Performance Level (with no additional Upside Units being earned at the Gross Margin Target Performance Level and a number of Upside Units equal to 50% of the Gross Margin Base Units being earned at the Gross Margin Upside Performance Level (or greater)). Subject to any TSR Adjustment under Section 1.1, if the Company's Operating Expense Ratio for the Base Performance Measurement Period equals or exceeds the Operating Expense Target Performance Level, then (x) 100% of the Operating Expense Base Units will be earned at the end of the Base Performance Measurement Period, and (y) the number of additional Upside Units earned at the end of the Base Performance Measurement Period will be determined by applying straight-line interpolation between the Operating Expense Target Performance Level and the Operating Expense Upside Performance Level (with no additional Upside Units being earned at the Operating Expense Target Performance Level and a number of Upside Units equal to 50% of the Operating Expense Base Units being earned at the Operating Expense Upside Performance Level (or a lower ratio)).

2.1.4 Any Units that are unearned pursuant to this Section 2.1 and Section 2.5 below will be forfeited on the date that the Compensation Committee of the Board of Directors (the "**Committee**") makes its final determination of the extent to which the applicable Performance Goal has been achieved pursuant to Section 2.5 below. The number of earned Base Award Units and Upside Units that will become vested shall be determined pursuant to Section 3 and Section 4 below and shall be determined by the Committee pursuant to Section 2.5 below.

2.2 Financial Metrics for Base Award Units and Upside Units Defined. For purposes of this Grant Agreement, (i) “**Revenue**” shall mean the Company’s Non-GAAP Revenue for the fiscal year ending December 31, 2021 (the “**Fiscal Year**”), (ii) “**Gross Margin**” shall mean Non-GAAP Gross Margin for the quarter ended December 31, 2021, and (iii) “**Operating Expense Ratio**” shall mean the Company’s Non-GAAP Operating Expenses for the Fiscal Year as a percentage of the Company’s Non-GAAP Revenue for the Fiscal Year, in each case, as publicly reported by the Company on its Earnings Releases or similar filings, including on Form 8-K and also subject to any appropriate adjustments for divestiture or similar disposition activities, as necessary.

2.3 Earning TSR Multiplier Units; TSR Multiplier Performance Goals. Subject to the terms and conditions set forth in the Plan and this Grant Agreement, the Grantee shall be entitled to receive payment for the number of Year 1 TSR Multiplier Units, Year 2 TSR Multiplier Units and/or Year 3 TSR Multiplier Units, as applicable, actually earned at the end of the applicable Performance Measurement Period (as defined below) pursuant to this Grant Agreement. The number of Year 1 TSR Multiplier Units, Year 2 TSR Multiplier Units and/or Year 3 TSR Multiplier Units earned pursuant to this Grant Agreement is a function of the extent to which the applicable performance goal described in the table below (each, a “**TSR Multiplier Performance Goal**” and collectively, with the Financial Performance Goals, the “**Performance Goals**”) is achieved.

TSR Multiplier Performance Goal	Performance Measurement Period	Performance Level	Achievement	Resulting Percentage Payout
Year 1 Relative TSR Performance Goal	Base Performance Measurement Period	Relative TSR Target Performance Level (or Above)	Greater than or equal to the 75 th percentile	100% of Year 1 TSR Multiplier Units
		Relative TSR Threshold Performance Level	Equal to or less than the 50 th percentile	0%
Year 2 Relative TSR Performance Goal	Year 2 Relative TSR Performance Measurement Period	Relative TSR Target Performance Level (or Above)	Greater than or equal to the 75 th percentile	100% of Year 2 TSR Multiplier Units
		Relative TSR Threshold Performance Level	Equal to or less than the 50 th percentile	0%
Year 3 Relative TSR Performance Goal	Year 3 Relative TSR Performance Measurement Period	Relative TSR Target Performance Level (or Above)	Greater than or equal to the 75 th percentile	100% of Year 3 TSR Multiplier Units
		Relative TSR Threshold Performance Level	Equal to or less than the 50 th percentile	0%

If the Company’s Relative TSR for the applicable Performance Measurement Period is equal to or less than the threshold performance levels provided above (each, a “**Relative TSR Threshold Performance Level**”), then no TSR Multiplier Units will be earned at the end of the applicable

Performance Measurement Period. If the Company's Relative TSR for the applicable Performance Measurement Period exceeds the applicable Relative TSR Threshold Performance Level, but is less than the applicable target performance level provided above (each, a "**Relative TSR Target Performance Level**"), then the number of Year 1 TSR Multiplier Units, Year 2 TSR Multiplier Units and/or Year 3 TSR Multiplier Units (as applicable for the relevant Performance Measurement Period) earned at the end of the applicable Performance Measurement Period will be determined by applying straight-line interpolation between the applicable Relative TSR Threshold Performance Level and the applicable Relative TSR Target Performance Level for the applicable TSR Multiplier Performance Goal. If the Company's Relative TSR for the applicable Performance Measurement Period equals or exceeds the applicable Relative TSR Target Performance Level for such TSR Multiplier Performance Goal during the applicable Performance Measurement Period, then all of the TSR Multiplier Units attributable to such TSR Multiplier Performance Goal will be earned at the end of such applicable Performance Measurement Period. The number of earned TSR Multiplier Units that will become vested shall be determined pursuant to Section 3 and Section 4 below.

2.4 TSR Multiplier Performance Goals Defined.

2.4.1 For purposes of this Grant Agreement, "**Relative TSR**" shall mean the Company's Total Shareholder Return as compared to the Total Shareholder Return of the group of companies listed on Exhibit A (the "**TSR Companies**"). For this purpose, "**TSR**" or "**Total Shareholder Return**" for the Company and the TSR Companies will be calculated by adding any dividends paid by the Company (or such other companies) to the change in value of the Stock (or the TSR Companies' common stock) as between the applicable Beginning Stock Price and applicable Ending Stock Price. The change in value shall be measured by comparing the applicable "**Beginning Stock Price**" and the applicable "**Ending Stock Price**."

2.4.2 In respect of the Year 1 Relative TSR Performance Goal: (i) the "**Beginning Stock Price**" shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2020; (ii) subject to Section 2.4.5, the "**Ending Stock Price**" shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2021; and (iii) the "Performance Measurement Period" shall be the Base Performance Measurement Period.

2.4.3 In respect of the Year 2 Relative TSR Performance Goal: (i) the "**Beginning Stock Price**" shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2020; (ii) subject to Section 2.4.5, the "**Ending Stock Price**" shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2022; and (iii) the "Performance Measurement Period" shall be the two-year period beginning on January 1, 2021 and ending on December 31, 2022 (the "**Year 2 TSR Performance Measurement Period**").

2.4.4 In respect of the Year 3 Relative TSR Performance Goal: (i) the "**Beginning Stock Price**" shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2020; (ii) subject to Section 2.4.5, the

“Ending Stock Price” shall be the average closing price of the Stock (or the common stock of the TSR Companies) for the fiscal quarter ending December 31, 2023; and (iii) the **“Performance Measurement Period”** shall be the three-year period beginning on January 1, 2021 and ending on December 31, 2023 (the **“Year 3 TSR Performance Measurement Period”** and, together with the Base Performance Measurement Period and the Year 2 TSR Performance Measurement Period, each, a **“Performance Measurement Period”**).

2.4.5 Whether or not the Grantee’s employment terminates in connection with a Change in Control, if a Change in Control occurs: (i) following which the Stock is no longer listed for trading on NASDAQ or another U.S. national securities trading exchange; and (ii) in connection with a merger, acquisition or other transaction from which the value of a share of Stock is determinable as of the effective time of such Change in Control, then the **“Ending Stock Price”** for any applicable TSR Multiplier Performance Goal for which the Performance Measurement Period has not ended shall be based on the value of a share of Stock under the applicable transaction agreement relating to such Change in Control.

2.5 Final Determination of Performance Goals Attained by Committee. Subject to the provisions of the Plan and the Charter of the Committee, the Committee shall be responsible for determining in good faith whether, and to what extent, the Performance Goals set forth in this Grant Agreement have been achieved. The Committee may reasonably rely on information from, and representations by, individuals within the Company in making such determination and when made, such determination shall be final and binding on the Grantee. The Committee shall make its final determinations regarding the satisfaction of the applicable Performance Goals:

2.5.1 With respect to each of the Financial Performance Goals and the Year 1 Relative TSR Performance Goal, no later than the date (the **“Year 1 Determination Date”**) that the Company files its Annual Report on Form 10-K for the Fiscal Year with the Securities and Exchange Commission (the **“SEC”**);

2.5.2 With respect to the Year 2 Relative TSR Performance Goal, no later than thirty (30) days following the end of the Year 2 TSR Performance Measurement Period (the **“Year 2 TSR Determination Date”**); and

2.5.3 With respect to the Year 3 Relative TSR Performance Goal, no later than thirty (30) days following the end of the Year 3 TSR Performance Measurement Period (the **“Year 3 TSR Determination Date”**).

3. Vesting Dates of Earned Units. Subject in each case to Section 4 below:

3.1 Base Award Units and Upside Units Vesting Dates. To the extent that any Base Award Units and, if applicable, any Upside Units, are earned pursuant to Section 2.1, then such Base Award Units shall vest as follows:

3.1.1 one-third (1/3) of the total earned Base Award Units and, if applicable, any Upside Units, on the first business day following the Year 1 Determination Date pursuant to Section 2.5 (such earlier date, the **“Year 1 Vesting Date”**);

3.1.2 one-third (1/3) of the total earned Base Award Units and, if applicable, any Upside Units, on the one-year anniversary of the Year 1 Vesting Date (the “**Year 2 Vesting Date**”); and

3.1.3 one third (1/3) of the total earned Base Award Units and, if applicable, any Upside Units, on the two-year anniversary of the Year 1 Vesting Date (the “**Year 3 Vesting Date**” and, together with the Year 1 Vesting Date and the Year 2 Vesting Date, the “**Vesting Dates**”).

3.2 TSR Multiplier Units Vesting Dates.

3.2.1 To the extent that any TSR Multiplier Units subject to the Year 1 Relative TSR Performance Goal are earned pursuant to Section 2.3 or Section 2.4.5, then such TSR Multiplier Units shall vest on the Year 1 Vesting Date.

3.2.2 To the extent that any TSR Multiplier Units subject to the Year 2 Relative TSR Performance Goal are earned pursuant to Section 2.3 or Section 2.4.5, then such TSR Multiplier Units shall vest on the Year 2 Vesting Date.

3.2.3 To the extent that any TSR Multiplier Units subject to the Year 3 Relative TSR Performance Goal are earned pursuant to Section 2.3 or Section 2.4.5, then such TSR Multiplier Units shall vest on the Year 3 Vesting Date.

4. Termination of Employment or Services. Subject to the provisions of any Employment Agreement between the Grantee and the Company (or one of its affiliates), if the Grantee terminates employment with the Company for any reason (including upon a termination for Cause), or otherwise ceases to perform services for the Company, any unvested Units will be canceled and forfeited as of the date of the Grantee’s termination of employment or service. In other words, subject to the terms of any Employment Agreement between the Grantee and the Company (or one of its affiliates), the Grantee must be employed by, or performing services for, the Company on the applicable Vesting Date to receive any payment for the Units that are scheduled to vest on such applicable Vesting Date.

5. Time and Form of Payment. Subject to the provisions of this Grant Agreement and the Plan, as Units vest on the applicable Vesting Dates set forth in Section 3 above, as the case may be, the Company will deliver to the Grantee the same number of whole shares of Stock, rounded up or down. Subject to Section 21 below, the Company shall deliver the vested shares of Stock (if any) within 15 days of the applicable Vesting Date.

6. Nontransferability. The Units granted by this Grant Agreement shall not be transferable by the Grantee or any other person claiming through the Grantee, either voluntarily or involuntarily, except by will or the laws of descent and distribution or as otherwise provided under Article 13 of the Plan.

7. Adjustments. In the event of a stock dividend or in the event the Stock shall be changed into or exchanged for a different number or class of shares of stock of the Company or

of another corporation, whether through reorganization, recapitalization, stock split-up, combination of shares, merger or consolidation or other similar corporate change, the Award shall be subject to adjustment, as set forth in Section 5.3 of the Plan.

8. Delivery of Shares. No shares of Stock shall be delivered under this Grant Agreement until: (i) the Units vest pursuant to Section 3 above, as the case may be; (ii) approval of any governmental authority required in connection with this Grant Agreement, or the issuance of shares of Stock thereunder, has been received by the Company; (iii) if required by the Committee, the Grantee has delivered to the Company documentation (in form and content acceptable to the Company in its sole and absolute discretion) to assist the Company in concluding that the issuance to the Grantee of any share of Stock under this Grant Agreement would not violate the Securities Act of 1933, as amended (the “*Securities Act*”), or any other applicable federal, state or local securities or other laws or regulations; (iv) the Grantee has complied with Section 14 below, in order for the proper provision for required tax withholdings to be made; and (v) the Grantee has executed and returned this Grant Agreement to the Company (which, in the case of a Grant Agreement provided to the Grantee in electronic format, requires that the Grantee click the “ACCEPT” button). This Grant Agreement must be executed by the Grantee within 150 days following the Grant Date, unless otherwise determined by the Committee.

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

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

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

11.1 Description of Electronic Delivery. The Plan documents – which may include but do not necessarily include the Plan, a grant notice, this Grant Agreement, any prospectus delivered pursuant to the Plan or applicable law, and any reports of the Company provided generally to the Company’s stockholders – may be delivered to the Grantee electronically. In addition, the Grantee may deliver electronically any grant notice and this Grant Agreement to the Company or to such third party involved in administering the Plan as the

Company may designate from time-to-time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

11.2 Consent to Electronic Delivery. The Grantee acknowledges that the Grantee has read Section 11.1 above, and consents to the electronic delivery of the Plan documents and any grant notice, as described in Section 11.1. The Grantee acknowledges that the Grantee may receive from the Company a paper copy of any documents delivered electronically at no cost to the Grantee by contacting the Company by telephone or in writing.

12. Administration. This Grant Agreement is subject to the terms and conditions of the Plan and the Plan shall in all respects be administered by the Committee in accordance with the terms and provisions of the Plan. The Committee shall have the sole and complete discretion with respect to all matters reserved to it by the Plan and decisions of the majority of the Committee with respect to the Plan and this Grant Agreement shall be final and binding upon the Grantee and the Company. In the event of any conflict between the terms and conditions of this Grant Agreement and the Plan, the provisions of the Plan shall control.

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

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

Prior to any relevant taxable or tax-withholding event, as applicable, the Grantee shall pay, or make adequate arrangements satisfactory to the Company and/or the Employer to satisfy all Tax-Related Items. In this regard, pursuant to Article 17 of the Plan, if permissible under

local law and subject to any restrictions provided by the Committee prior to the vesting of the shares of Stock, the Grantee authorizes the Company or the Employer, or their respective agents, to withhold all applicable Tax-Related Items in shares of Stock to be issued upon vesting/settlement of the Units. Alternatively, or in addition, subject to any restrictions provided by the Committee prior to the vesting of the shares of Stock, the Grantee authorizes the Company and/or the Employer, or their respective agents, to satisfy the obligations with regard to all Tax-Related Items by one or a combination of the following: (i) withholding from the Grantee's wages or other cash compensation paid to the Grantee by the Company and/or the Employer; (ii) withholding from proceeds of the sale of shares of Stock acquired upon vesting/settlement of the Units either through a voluntary sale or through a mandatory sale arranged by the Company (on the Grantee's behalf pursuant to this authorization); (iii) personal check or other cash equivalent acceptable to the Company; or (iv) any other means as determined appropriate by the Company or the Committee.

Depending on the withholding method, the Company may withhold or account for Tax-Related Items by considering applicable minimum statutory withholding amounts or such greater amounts not to exceed the maximum statutory rate necessary, in the applicable jurisdiction, to satisfy federal, state, and local withholding tax requirements (but only if withholding at a rate greater than the minimum statutory rate will not result in adverse financial or accounting consequences for the Company). In the event that the Company withholds an amount for Tax-Related Items that exceeds the maximum withholding amount under applicable law, the Grantee shall receive a refund of such over-withheld amount in cash and shall have no entitlement to an equivalent amount in Stock. If the obligation for Tax-Related Items is satisfied by withholding a number of shares of Stock as described herein, for tax purposes, the Grantee shall be deemed to have been issued the full number of shares of Stock subject to the Award, notwithstanding that a number of the shares of Stock are held back solely for the purpose of paying the Tax-Related Items due as a result of the Grantee's participation in the Plan.

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

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

16. Integrated Agreement. Any grant notice, this Grant Agreement and the Plan shall constitute the entire understanding and agreement of the Grantee and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations or warranties between the Grantee and the Company with respect to such subject matter other than those as set forth or provided for herein or therein.

To the extent contemplated herein or therein, the provisions of any grant notice and this Grant Agreement shall survive any settlement of the Award and shall remain in full force and effect.

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

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

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

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

21. Section 409A Compliance. Section 409A of the Code imposes an additional 20% tax, plus interest, on payments from “non-qualified deferred compensation plans.” Certain payments under this Grant Agreement could be considered to be payments under a “non-qualified deferred compensation plan.” The additional 20% tax and interest do not apply if the payment qualifies for an exception to the requirements of Section 409A or complies with the requirements of Section 409A. The Company believes, but does not and cannot warrant or guaranty, that the payments due pursuant to this Grant Agreement comply with, or are exempt from, the requirements of Section 409A. Notwithstanding anything to the contrary in this Grant Agreement, if the Company determines that neither the short-term deferral exception nor any other exception to Section 409A applies to the payments due pursuant to this Grant Agreement, to the extent any payments are due on the Grantee’s termination of employment, the term “termination of employment” shall mean “separation from service” as defined in Treasury Regulation Section 1.409A-1(h) and to the extent required to avoid accelerated taxation and/or tax penalties under Section 409A, a Change in Control shall not be deemed to have occurred unless and until a “change in control event” as defined in Treasury Regulation Section 1.409A-3(i)(5)(i) has occurred. In addition, if the Grantee is a “specified employee” (as defined in Treasury Regulation Section 1.409A-1(i)) and any payments due pursuant to this Grant Agreement are payable on the Grantee’s “separation from service,” then such payments shall be paid on the first business day following the expiration of the six month period following the Grantee’s “separation from service.” This Grant Agreement shall be operated in compliance

with Section 409A or an exception thereto and each provision of this Grant Agreement shall be interpreted, to the extent possible, to comply with Section 409A or to qualify for an applicable exception. The Grantee remains solely responsible for any adverse tax consequences imposed upon the Grantee by Section 409A.

22. Confidentiality; Reaffirmation of Restrictive Covenants; Violation.

22.1 Confidentiality of Agreement. The Grantee acknowledges and agrees that the terms of this Grant Agreement are considered proprietary information of the Company. The Grantee hereby agrees that Grantee shall maintain the confidentiality of these matters to the fullest extent permitted by law and shall not disclose them to any third party.

22.2 Exceptions. There are limited exceptions to the above confidentiality requirement if the Grantee is providing information to government agencies, including but not limited to the Equal Employment Opportunity Commission, the National Labor Relations Board, the Occupational Safety and Health Administration (or its state equivalent) and the SEC. This Grant Agreement does not limit the Grantee's ability to communicate with any government agencies regarding matters within their jurisdiction or otherwise participate in any investigation or proceeding that may be conducted by any government agency, including providing documents or other information, without notice, to the government agencies. Nothing in this Grant Agreement shall prevent the Grantee from disclosing confidential information or trade secrets that: (i) is made: (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. In the event that the Grantee files a lawsuit alleging retaliation by the Company for reporting a suspected violation of law, the Grantee may disclose confidential information or trade secrets related to the suspected violation of law or alleged retaliation to the Grantee's attorney and use the confidential information or trade secrets in the court proceeding if the Grantee or the Grantee's attorney: (x) files any document containing confidential information or trade secrets under seal; and (y) does not disclose the confidential information or trade secrets, except pursuant to court order. The Company provides this notice in compliance with, among others, the Defend Trade Secrets Act of 2016.

22.3 Reaffirmation of Restrictive Covenants. By accepting this Award, the Grantee reaffirms his or her obligation to comply with the confidentiality, non-competition, non-solicitation, non-disclosure, confidential information, and similar restrictive covenant provisions set forth in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties.

22.4 Violation. If the Grantee violates the confidentiality provisions of this Section 22, or the restrictive covenant provisions contained in the Employment Agreement or any other agreement to which the Grantee and the Company or any Affiliate are parties (e.g., non-competition provisions, non-solicitation provisions, non-disclosure provisions, confidential information provisions, etc.), the Company, without waiving any other remedy available, may revoke this Award without further obligation or liability, and the Grantee may be subject to

disciplinary action, up to and including the Company's termination of the Grantee's employment.

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

24. Imposition of Other Requirements. The Company reserves the right to impose other requirements on the Grantee's participation in the Plan, on the Units and on any shares of Stock acquired under the Plan, to the extent the Company determines it is necessary or advisable in order to comply with local law or facilitate the administration of the Plan, and to require the Grantee to sign any additional agreements or undertakings that may be necessary to accomplish the foregoing. Further, the Award and profits under this Grant Agreement are subject to the Company's compensation recovery policy or policies (and related Company practices) as such may be in effect from time-to-time, whether or not such policies were adopted in response to Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, as amended, and similar or related laws, rules and regulations. In addition to the Company's compensation recovery policy or policies, and notwithstanding anything in the Plan or any Employment Agreement to the contrary, the Company may require the Grantee to forfeit all or a portion of any unvested Units and any shares of Stock delivered pursuant to this Grant Agreement if: (i) the Grantee's employment is terminated for Cause; or (ii) the Committee, in its sole and absolute discretion, determines that the Grantee engaged in serious misconduct that results or might reasonably be expected to result in financial or reputational harm to the Company. The Grantee agrees to fully cooperate with the Company in assuring compliance with the provisions of this Section 24 and such compensation recovery policies and the provisions of applicable law, including, but not limited to, promptly returning any compensation subject to recovery by the Company pursuant to the provisions of this Section 24, such policies and applicable law.

[Remainder of Page Intentionally Left Blank; Signature Page Follows]

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

ON SEMICONDUCTOR CORPORATION

By: _____
Name:
Title:

GRANTEE

Name:

CERTIFICATIONS

I, Hassane S. El-Khoury, certify that:

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

Date: May 3, 2021

/s/ HASSANE S. EL-KHOURY

Hassane S. El-Khoury
Chief Executive Officer

CERTIFICATIONS

I, Thad Trent, certify that:

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

Date: May 3, 2021

/s/ THAD TRENT

Thad Trent

Chief Financial Officer

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

For purposes of Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, each of the undersigned officers of ON Semiconductor Corporation, a Delaware corporation (the "Company"), does hereby certify, to such officer's knowledge, that:

The Quarterly Report on Form 10-Q for the fiscal quarter ended April 2, 2021 (the "Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m or 78o(d)) and information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 3, 2021

/s/ HASSANE S. EL-KHOURY

Hassane S. El-Khoury

President and Chief Executive Officer

Date: May 3, 2021

/s/ THAD TRENT

Thad Trent

Executive Vice President,

Chief Financial Officer and Treasurer