PART I

Item 1. *Business*

Business Overview

ON Semiconductor Corporation and its subsidiaries ("we," "us," "our," "ON Semiconductor," or the "Company") are driving innovation in energy efficient electronics. Our broad portfolio of power and signal management, logic, discrete and custom devices helps customers efficiently solve their design challenges in automotive, communications, computing, consumer, industrial, LED lighting, medical, military/aerospace, smart grid and power applications. We design, manufacture and market an extensive portfolio of semiconductor components that address the design needs of sophisticated electronic systems and products. Our power management semiconductor components control, convert, protect and monitor the supply of power to the different elements within a wide variety of electronic devices. Our custom ASICs use analog, DSP, mixed-signal and advanced logic capabilities to act as the brain behind many of our automotive, medical, military/aerospace, consumer and industrial customers' unique products. Our data management semiconductor components provide high-performance clock management and data flow management for precision computing and communications systems. Our standard semiconductor components serve as "building block" components within virtually all types of electronic devices. These various products fall into the logic, analog, discrete, image sensors and memory categories used by the World Semiconductor Trade Statistics ("WSTS") group.

We serve a broad base of end-user markets, including automotive, communications, computing, consumer, medical, industrial, smart grid and military/aerospace. Applications for our products in these markets include portable electronics, computers, game consoles, servers, automotive and industrial control systems, LED lighting, power supplies, networking and telecom gear and automated test equipment.

Our extensive portfolio of devices enables us to offer advanced ICs and the "building block" components that deliver system level functionality and design solutions. Our product portfolio consisted of approximately 44,000 products in 2012 and we shipped approximately 37.1 billion units in 2012 as compared to 42.6 billion units in 2011. We specialize in micro packages, which offer increased performance characteristics while reducing the critical board space inside today's ever shrinking electronic devices. We believe that our ability to offer a broad range of products, global manufacturing network and logistics provides our customers with single source purchasing on a cost-effective and timely basis.

We announced a change in our organizational structure and the way we report our segment information during the fourth quarter of 2012. Previously reported information has been recast to reflect current organizational structure and reportable segments. We are currently organized into three operating segments, which also represent three reporting segments: Application Products Group, Standard Products Group, and SANYO Semiconductor Products Group. Our SANYO Semiconductor Products Group operating segment, acquired on January 1, 2011, designs, manufactures and sells discrete components, hybrid ICs, radio frequency and power related products as well as custom ICs. Many of these devices fall into the existing product categories described above. However, our SANYO Semiconductor Products Group operating segment expands our capability in microcontrollers, optical imaging (including auto-focus and image stabilization for smartphones and digital cameras), and extends our custom ASICs to integrated power modules and motor control devices for the consumer, automotive and industrial end-markets. Each of our major product lines has been assigned to a segment, as illustrated in the table below, based on our operating strategy. From time to time we reassess the alignment of our product families and devices to our operating segments and may move product families or individual devices from one operating segment to another.

Application Products Group	Standard Products Group	SANYO Semiconductor Products Group
ASSPs	Bipolar Power	Power MOSFETs
Analog Automotive	Thyristor	IGBTs
Automotive Power Switching	Small Signal	Power and Signal Discretes
Automotive Mixed-Signal solutions	Zener	Intelligent Power Modules
Medical ASICs & ASSPs	Protection	Motor Driver ICs
Linear Light Sensors	Rectifier	Display Drivers
CMOS Image Sensors	Filters	ASICs
Military & Aerospace	MOSFETs	Microcontrollers
Mixed Signal ASICs	Signal & Interface	Flash Memory
Industrial ASSPs	Standard Logic	Touch Sensor
High Frequency / Timing	LDO's & VREGs	Power Supply IC
IPD	EE Memory and Programmable Analog	Audio DSP
Foundry and Manufacturing Services		Audio Tuners
Hearing Components		Image Stabilizer ICs
DC-DC Conversion		
Analog Switches		
AC-DC Conversion		
Low Voltage Power Management		
Power Switching		
Tunable Capacitors		

The addition of SANYO Semiconductor Co. Ltd. ("SANYO Semiconductor") in 2011 provided us with a stronger market presence in Japan, with many leading Japan-based customers, some of which were previously our customers. We have approximately 450 direct customers worldwide. We also service approximately 530 OEMs indirectly through our distributor and electronic manufacturing service provider customers. Our direct and indirect customers include: (1) leading OEMs in a broad variety of industries, such as Continental Automotive Systems, Samsung Electric, Panasonic, Delta, and Hella; (2) electronic manufacturing service providers, such as Flextronics, Jabil, Sanmina, Benchmark Electronic and HK Towada Electronics; and (3) global distributors, such as Avnet, World Peace, OS Electronics, Arrow and WT Microelectronics.

We currently have domestic design operations in Arizona, California, Colorado, Idaho, Montana, Oregon, Pennsylvania, Rhode Island, Texas and Utah. We also have foreign design operations in Belgium, Canada, China, Czech Republic, France, Germany, India, Ireland, Japan, Korea, Philippines, Romania, Slovakia, Switzerland and Taiwan. Additionally, we currently operate domestic manufacturing facilities in California, Idaho and Oregon and have foreign manufacturing facilities in Belgium, Canada, China, Czech Republic, Japan, Malaysia, Philippines, Thailand and Vietnam.

Company Highlights for the year ended December 31, 2012

- Total revenues of approximately $2,894.9 million
- Gross margin of approximately 32.9%
- GAAP net loss of $0.20 per share
- Cash, cash equivalents and short-term investments of $631.7 million
- Retired $96.2 million of Zero Coupon Convertible Senior Subordinated Notes due 2024
- Extended the earliest date of debt maturity for $99.9 million of our 2.625% Convertible Senior Subordinated Notes due 2026 from December 2013 to December 2016
- Completed the repurchase of 8.8 million shares of common stock under our previously announced share repurchase program

Company History and Capital Structure

Prior to August 1999, we were a wholly-owned subsidiary of Motorola, Inc. ("Motorola") and operated as the Semiconductor Components Group of Motorola's Semiconductor Products Sector. On August 4, 1999, we were recapitalized (the "recapitalization") and certain related transactions were effected pursuant to an agreement among us, our principal domestic operating subsidiary, Semiconductor Components Industries, LLC ("SCI LLC"), Motorola and affiliates of Texas Pacific Group ("TPG"). During 2007, TPG sold all of its remaining shares of our common stock to multiple buyers and ceased being our principal stockholder.

Company Mergers and Acquisitions

2011 Acquisitions

On January 1, 2011, we paid SANYO Electric Co., Ltd. ("SANYO Electric") $142.1 million in cash and issued a $377.5 million note payable to SANYO Electric, through SCI LLC, in exchange for a 100% interest in SANYO Semiconductor and certain other semiconductor related assets held by SANYO Electric. In the second quarter of 2011, we received approximately $39.7 million in cash from SANYO Electric for working capital and pension adjustments as determined in accordance with the purchase agreement, which resulted in a net purchase price of $479.9 million.

We believe that this acquisition has provided and will continue to provide us with access to market-leading Japanese and Asian customers, while providing SANYO Semiconductor customers with access to advanced front-end mixed-signal and analog manufacturing, and ultra high volume back-end facilities. Ultimately, we believe that the combination of SANYO Semiconductor operations with our existing operations will provide us with highly complementary products, customers and geographic regions. On a long-term basis, we expect SANYO Semiconductor to benefit from access to ON Semiconductor's market leading customers not previously doing business with SANYO Semiconductor in North America, Europe and China.

On February 27, 2011, we acquired 100% of the CMOS Image Sensor Business Unit ("ISBU") from Cypress Semiconductor for $34.1 million in cash. The ISBU includes a broad portfolio of high-performance custom and standard image sensors used in multi-megapixel machine vision, linear and two dimensional (2D) bar code imaging, medical x-ray imaging, biometrics, digital photography and cinematography, and aerospace applications. The acquired products include the VITA, LUPA, STAR, and IBIS families, which are all well known throughout the industry.

Acquisitions prior to 2011

On June 9, 2010, we acquired 100% of Sound Design Technologies, Ltd. ("SDT") for approximately $22.0 million. We believe that this acquisition has improved and will continue to improve our position as a leading supplier of ultra-low power DSP technology for hearing aids and audio processing applications, strengthens our talent base and adds an experienced design and applications engineering team for medical devices within our Application Products Group. In addition, SDT's advanced manufacturing expertise in chip-scale capacitors and high density packaging also expands our capabilities in delivering advanced, highly miniaturized packaging technology crucial for hearing aid and similarly size-constrained applications that demand medical-grade quality.

On January 27, 2010, we acquired 100% of California Micro Devices Corporation ("CMD") in an all cash transaction for approximately $113.2 million. We believe that the combination has strengthened and will continue to strengthen our offering of ASIP devices to protect products in the wireless, computing and consumer electronics end-markets. In addition, CMD's expertise in protection solutions for the HBLED market, as well as its strengths in low current-based EMI filtering and low capacitance ESD protection, complement our existing portfolio of protection and lighting solutions.

On November 4, 2009, we acquired 100% of PulseCore Holdings (Cayman) Inc. ("PulseCore") in an all cash transaction for approximately $17.0 million. The acquisition of PulseCore expanded our clock and circuit protection offerings for the consumer, wireless and computing end-market customers. PulseCore's capabilities in

standard and custom high-speed and low power analog and mixed signal solutions for EMI reduction also enhanced our overall EMI filtering and circuit protection portfolios. In addition, PulseCore's history in India represents our first foray of design activity in that country.

On October 10, 2008, we acquired 100% of Catalyst Semiconductor, Inc. ("Catalyst"), whereby Catalyst became our wholly-owned subsidiary. At the effective time of the merger, each issued and outstanding share of common stock of Catalyst was converted into 0.706 shares of our common stock, which resulted in the issuance of 10.9 million shares of our common stock upon the consummation of the merger. The aggregate purchase price was approximately $120.1 million, which included common stock, restricted stock units ("RSUs"), options and warrants and estimated direct transaction costs. We believe the combination has enhanced and will continue to enhance shareholder value by: (1) accelerating our higher margin analog products for the digital consumer market; (2) providing entry into the LED drivers and non-volatile memories ("EEPROM") business; (3) leveraging scale to drive growth in the business; and (4) achieving cost savings by leveraging our operational excellence and increasing the activity in our Gresham, Oregon wafer fabrication facility.

On March 17, 2008, we acquired 100% of AMIS Holdings, Inc. ("AMIS"), whereby AMIS became our wholly-owned subsidiary. At the effective time of the merger, each issued and outstanding share of common stock of AMIS was converted into 1.15 shares of our common stock, which resulted in the issuance of approximately 103.2 million shares of our common stock upon the consummation of the merger. The aggregate purchase price was approximately $939.7 million. We believe the combination has enhanced and will continue to enhance shareholder value by: (1) accelerating our transformation from a discrete supplier to a key supplier with scale; (2) strengthening our end-market presence, facilitating our entry into new markets and deepening customer relationships; (3) obtaining significant scale and cash flow generation; and (4) achieving cost savings by leveraging our operational excellence and increasing the activity in our Gresham, Oregon wafer fabrication facility.

See Note 4: "Acquisitions" of the notes to our audited consolidated financial statements included elsewhere in this report for further discussion of certain of these acquisitions.

Products and Technology

The following provides certain information regarding our operating segments. See "Business Overview" above and Note 17: "Segment Information" of the notes to our audited consolidated financial statements included elsewhere in this report for other information regarding our segments and their revenues and property, plant and equipment and the income derived therefrom.

Application Products Group

The Application Products Group designs and develops analog, mixed-signal and advanced logic ASIC and ASSP solutions for the automotive, medical, military/aerospace, computing, wireless communications, consumer and industrial markets.

The Application Products Group's automotive products are focused on energy efficient solutions that reduce emissions, improve fuel economy and safety, enhance lighting, and make possible an improved driving experience. Our ASIC and ASSP portfolio includes semiconductor solutions for medical devices such as defibrillators, pacemakers, neurostimulators, hearing aids, glucose meters and patient monitors. It also includes mixed-signal offerings for industrial, medical imaging, smart grid and building automation as well as clock and timing management products for industrial, communications, and consumer applications. We serve the portable audio and wireless smartphone markets with DSP technology and tunable capacitor products that originated from ASIC and ASSP product development for medical applications. We are a leading supplier of 2D and CMOS image sensors for machine vision, high-speed, space, and cinematography applications. Our military/aerospace products include standard-cell ASIC technologies down to 40 nm, using both internal and external foundries and we have achieved Trusted Foundry accreditation from the U.S. government for technologies down to 110 nm.

We develop power conversion products (AC-DC and DC-DC) and power interface products to address power management challenges in the computing, wireless, telecom infrastructure, industrial, lighting and consumer markets. We offer superior solutions for a wide range of voltage and current options from multi-phase 30 volt power for VCORE processors to single cell battery point of load, battery charging, thermal monitoring and management, system monitoring and the connectivity and protection around them. Our product solutions enable industry leading active mode and standby mode efficiency now being demanded by regulatory agencies around the world. Finally, the Application Products Group offers foundry and manufacturing services, including IPD technology, which leverage the Company's broad range of manufacturing, IC design, packaging and silicon technology offerings to provide flexible turn-key solutions for our customers.

Standard Products Group

The Standard Products Group serves a broad base of end-user markets, including consumer electronics, computing, wireless and wired communications, automotive electronics, industrial electronics and medical via six major discrete semiconductor technology categories: diodes and transistors, analog products, LED drivers, EEPROMs, power MOSFETs and Standard Logic.

The wide array of discrete and integrated semiconductor products that we offer within these categories perform multiple application functions, including power switching, signal conditioning, circuit protection, signal amplification and voltage reference functions. The consumer trends driving growth within our end-user markets are primarily the demand for greater functionality in small hand held devices, faster data transmission rates in all communications applications and higher efficiency in all power applications. The proliferation of electronic content in automobiles has induced tremendous stress on the existing 12 volt electrical infrastructure. Power efficiency and exceptionally low power drain modes have now become a critical automotive issue as more and more electronic features exist. The new technologies being developed to support these market trends include lower capacitance protection and integrated signal conditioning products to support faster data transmission rates, micro packages for multiple handheld applications and switching and rectification technologies that allow for high efficiency energy usage and conversion.

SANYO Semiconductor Products Group

Our SANYO Semiconductor Products Group is a global supplier of analog and mixed signal ICs, microcontrollers, DSPs, analog and digital tuners, intelligent power modules, memory and discrete semiconductors to the automotive, communications, consumer and industrial end-markets. Our diverse product portfolio includes analog power management ICs; motor drive ICs; intelligent modules for power inversion, motor control, and automotive electronics; 8 and 16-bit microcontrollers; audio and video tuners; DSPs and image enhancement products supporting a broad range of applications, including automotive infotainment and motor control systems, consumer white goods, wireless communications devices (including smartphones and media tablets), LCD TVs, and digital still cameras and camcorders. The continuing transformation to make all electronics systems "smart", connected and more power efficient presents a substantial opportunity to draw on our diverse product portfolio and applications expertise to provide customers with comprehensive systems solutions for their applications. We further possess unique micro-packaging capabilities that help customers meet their need to reduce device size and weight as more semiconductor content is incorporated into electronics systems and device dimensions shrink to increase portability. Moreover, for home appliance and industrial power applications, we possess unique power assembly packaging and composite material IP, which allows our customers to improve power efficiency in their end products.

Customers

In general, we have maintained long-term relationships with our key customers. Sales agreements with customers are renewable periodically and contain certain terms and conditions with respect to payment, delivery, warranty and supply but do not require minimum purchase commitments. Most of our OEM customers negotiate

pricing terms with us on an annual basis near the end of the calendar year, while our other customers, including electronic manufacturer service providers and distributors, generally negotiate pricing terms with us on a quarterly basis. Our products are ultimately purchased for use in a variety of end-markets, including computing, automotive electronics, consumer electronics, industrial electronics, wireless communications, networking, military aerospace and medical. For the years ended December 31, 2012 and December 31, 2011, we had no sales to customers, including distributors, that accounted for 10% or more of our total consolidated revenues. Prior to 2011, sales to one of our distributors, Avnet, Inc., represented 10% or more of total consolidated revenues as follows: 13%, 11% and 11% for the years ended December 31, 2010, 2009 and 2008, respectively. Revenues for our Application Products Group and Standard Products Group include distributor sales to Avnet, Inc.

For the year ended December 31, 2012, aggregate revenue from our five largest customers by revenue, including distributors, for our Application Products Group, Standard Products Group, and SANYO Semiconductor Products Group comprised approximately 30%, 39% and 42% of total revenue for each respective operating segment. The loss of certain of these customers or distributors may have a material adverse effect on the operations of the respective segment.

We generally warrant that products sold to our customers will, at the time of shipment, be free from defects in workmanship and materials and conform to our approved specifications. Subject to certain exceptions, our standard warranty extends for a period of two years. Generally, our customers may cancel orders 30 days prior to shipment for standard products and 90 days prior to shipment for custom products without incurring a significant penalty. For additional information regarding agreements with our customers, see “Backlog” below.

End-Markets for Our Products

The following table sets forth our principal end-markets, the estimated percentage (based in part on information provided by our distributors and electronic manufacturing service providers) of our revenues generated from each end-market during 2012, sample applications for our products and representative OEM customers and end-users.

	Computing	Consumer Electronics	Automotive Electronics	Industrial Electronics	Wireless Communications	Networking	Mil-Aero	Medical
Approximate percentage of 2012 Revenue	19%	23%	26%	14%	10%	3%	2%	3%
Sample applications	Desktop power supplies Disk drives PC motherboards Notebook power supplies Desktop computers Notebook computers Entry-level servers	DVD players, cable decoders, set-top boxes and satellite receivers Home security systems Photocopiers Scanners Household appliances Smartcards TVs, VCRs and other audio-visual equipment Power supplies for consumer electronics Game consoles	4 wheel drive controllers Airbags Anti-lock braking systems Automatic door locks and windows Automatic transmissions Automotive entertainment systems Engine management and ignition systems Fuel injection systems GPS and other navigation systems LIN/CAN multiplexing	Industrial automation and control systems Lamp ballasts (power systems for fluorescent lights) Commercial heating and cooling systems Electric motor controllers Power supplies for manufacturing equipment Surge protectors Thermostats for industrial and consumer applications Automatic test equipment LED commercial and residential lighting systems and controls	Smartphones and feature phones Tablets Wireless modems and wireless local area networks	Routers and switches Fiber optic networking Cellular base stations and infrastructure Ethernet cards and other network controllers High speed modems (cable, xDSL and ISDN) PBX telephone systems	Cockpit displays Guidance systems Munitions Infrared imaging Portable communication devices Aircraft networking and computer engines Aircraft Communication	Medical imaging Cardiac rhythm management Glucose Monitoring Hearing aids and Cochlear implants Defibrillators Neurostimulators
Representative OEM customers and end-users	Delta Elec Int'l Ltd Seagate Technology Hewlett Packard Co Emerson Electric Co Lenovo Dell Computer	Microsoft Samsung Elec Co. LG Eletronics Echostar Xerox Corp Midea	Hella KG Continental Automotive Systems Delphi Visteon Bosch GMBH Valeo	Delta Elec Int'l Ltd Kionix INC Flir Systems Emerson Electric Co Siemens Industrial Honeywell Inc.	Samsung Elec Co. Sony Mobile LG Eletronics Huawei Tech Co., Ltd. Google (Motorola Mobility) ZTE Hong Kong Ltd	Alcatel Lucent ZTE Hong Kong LTD Cisco Ericsson Nokia Siemens Networks Huawei	Raytheon Co Aeroflex Rockwell Collins ITT Corporation Stellar Microelectronics Sofradir	Boston Scientific Starkey Labortories General Electric Co St. Jude Medical Medtronic Cardic Pacemakers Inc

Computing	Consumer Electronics	Automotive Electronics	Industrial Electronics	Wireless Communications	Networking	Mil-Aero	Medical
Asus	Sony Corp	TRW Inc	Tyco International	Apple	Delta Elec Int'l Ltd	Honeywell Inc	ELA Medical
Samsung Elec Co.	Philips	Magneti Marelli	Belimo Automation AG		Cisco	L-3 Communications	Intricon Corp
Gigabyte	Whirlpool Corp		Landis & GYR AG			British Aerospace	Philips
Foxconn	Panasonic Corporation					DRS	Abbot Labs

OEMs Direct sales to OEMs accounted for approximately 55% of our revenues in 2012, 56% of our revenues in 2011 and 46% of our revenues in 2010. The increase from 2010 to 2011 was driven by the significantly higher mix of OEM revenue from our acquisition of SANYO Semiconductor in 2011. These customers include a variety of companies in the electronics industry such as Continental Automotive Systems, Samsung Electric, Panasonic, Delta, and Hella. We focus on three types of OEMs: multi-nationals, selected regional accounts and target market customers. Large multi-nationals and selected regional accounts, which are significant in specific markets, are our core OEM customers. The target market customers in the communications, power management and standard analog and the high frequency clock and data management markets are OEMs that are on the leading edge of specific technologies and provide direction for technology and new product development. Generally, our OEM customers do not have the right to return our products following a sale other than pursuant to the provisions of our standard warranty.

Distributors Sales to distributors accounted for approximately 38% of our revenues in 2012, 37% of our revenues in 2011 and 45% of our revenues in 2010. The decrease from 2010 to 2011 was driven by significantly lower mix of distributors from our acquisition of SANYO Semiconductor in 2011. Our distributors, which include Avnet, World Peace, OS Electronics, Arrow and WT Microelectronics, resell to mid-sized and smaller OEMs and to electronic manufacturing service providers and other companies. Sales to distributors are typically made pursuant to agreements that provide return rights with respect to discontinued or slow-moving products. Under certain agreements, distributors are allowed to return any product that we have removed from our price book. In addition, agreements with certain of our distributors contain stock rotation provisions permitting limited levels of product returns. Due to current limitations on the feasibility of estimating the up front effect of returns and allowances with these distributors, we defer recognition of revenue and gross profit on sales to these distributors until these distributors resell the product. As a result, sales returns have minimal impact on our results of operations.

Electronic Manufacturing Service Providers Direct sales to electronic manufacturing service providers accounted for approximately 7% of our revenues in 2012, 7% of our revenues in 2011 and 9% of our revenues in 2010. Our largest electronic manufacturing service customers are Flextronics, Jabil, Sanmina, Benchmark Electronic and HK Towada Electronics. These customers are manufacturers who typically provide contract manufacturing services for OEMs. Originally, these companies were involved primarily in the assembly of printed circuit boards, but they now typically provide design, supply management and manufacturing solutions as well. Many OEMs now outsource a large part of their manufacturing to electronic manufacturing service providers in order to focus on their core competencies. We are pursuing a number of strategies to penetrate this increasingly important marketplace. Generally, our electronic manufacturing service customers do not have the right to return our products following a sale other than pursuant to the provisions of our standard warranty.

See Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" and Note 17: "Segment Information" of the notes to our audited consolidated financial statements included elsewhere in this report for revenues by geographic locations.

Manufacturing Operations

We operate front-end wafer site facilities located in Belgium, Canada, Czech Republic, Japan, Malaysia, and the United States, and back-end assembly and test site facilities located in Canada, China, Japan, Malaysia, Philippines, Thailand, and Vietnam. In addition to these front-end and back-end manufacturing operations, our

facility in Roznov, Czech Republic manufactures silicon wafers that are used by a number of our facilities. We operate all of our manufacturing facilities directly, except in the case of our joint venture in Leshan, China.

During the fourth quarter of 2011, we committed to a plan to close our wafer manufacturing facility located in Aizu, Japan (the "Aizu Plan"). Under the Aizu Plan, all of the Aizu, Japan production and operations have been transferred to other wafer fabrication facilities as of December 31, 2012 and we expect to fully exit the facility during 2013. The Aizu Plan was undertaken as part of our overall drive for operational efficiencies and is in line with an ongoing strategy aimed at migrating in-house production to large, high volume facilities, and investing in more advanced wafer technologies. See Note 6: "Restructuring, Asset Impairments and Other, net" of the notes to our audited consolidated financial statements included elsewhere in this report for further discussion of certain information related to the Aizu shutdown.

During the fourth quarter of 2011, we committed to a plan to close our probe, assembly and test operations located in Ayutthaya, Thailand and to partially close our facility in Bang Pa In, Thailand (collectively, the "Thailand Plans") as a result of damage caused to those facilities by the 2011 flooding in that region and the significant costs associated with the recovery and reconstruction of the affected facilities. Under the Thailand Plans, a majority of the Ayutthaya and Bang Pa In production was transferred to other Company-owned facilities and to certain external subcontractors during the year ended December 31, 2012. See Note 6: "Restructuring, Asset Impairments and Other, net" of the notes to our audited consolidated financial statements included elsewhere in this report for further discussion of certain information related to the Thailand Plans.

The table below sets forth information with respect to the manufacturing facilities we operate either directly or through our joint venture, as well as the reporting segments that use these facilities. The sizes of the locations represent the approximate gross square footage of each site's building and include, among other things, manufacturing, laboratory, warehousing, office, utility, support and unused areas.

Location	Products	Size (sq. ft.)
Front-end Facilities:		
Burlington, Canada (1) (2)	Application Products Group	95,400
Gresham, Oregon	Application Products Group and Standard Products Group	518,000
Pocatello, Idaho	Application Products Group and Standard Products Group	443,000
Roznov, Czech Republic	Application Products Group and Standard Products Group	237,000
Oudenaarde, Belgium	Application Products Group and Standard Products Group	167,900
Seremban, Malaysia (Site-2)	Application Products Group, Standard Products Group and SANYO Semiconductor Products Group	81,200
Gunma, Japan (1)	SANYO Semiconductor Products Group	59,043
Niigata, Japan	SANYO Semiconductor Products Group	1,724,600
Back-end Facilities:		
Burlington, Canada (1) (2)	Application Products Group	95,400
Leshan, China	Standard Products Group	363,000
Seremban, Malaysia (Site-1)	Application Products Group, Standard Products Group and SANYO Semiconductor Products Group	309,300
Carmona, Philippines	Application Products Group, Standard Products Group and SANYO Semiconductor Products Group	222,500
Bang Pa In, Thailand (1) (3)	Standard Products Group	9,000
Saitama, Japan	SANYO Semiconductor Products Group	377,000
Tarlac City, Philippines	SANYO Semiconductor Products Group	861,100
Shenzhen, China	SANYO Semiconductor Products Group	208,000
Ho Chi Minh City, Vietnam	SANYO Semiconductor Products Group	59,200
Bien Hoa, Vietnam	SANYO Semiconductor Products Group	247,572
Other Facilities:		
Roznov, Czech Republic	Application Products Group and Standard Products Group	405,300
Santa Clara, California	Standard Products Group	42,000

(1) These facilities are leased.

(2) This facility is used for both front-end and back-end operations with a total square footage of 95,400.

(3) We partially closed this facility in 2012.

We operate an assembly and test operations facility in Leshan, China. This facility is owned by a joint venture company, Leshan-Phoenix Semiconductor Company Limited ("Leshan"), of which we own a majority of the outstanding equity interests. Our investment in Leshan has been consolidated in our financial statements. Our joint venture partner, Leshan Radio Company Ltd., is formerly a state-owned enterprise. Pursuant to the joint venture agreement, requests for production capacity are made to the board of directors of Leshan by each shareholder of the joint venture. Each request represents a purchase commitment by the requesting shareholder,

provided that the shareholder may elect to pay the cost associated with the unused capacity (which is generally equal to the fixed cost of the capacity) in lieu of satisfying the commitment. We committed to purchase 70% of Leshan's production capacity in 2012, 70% in 2011, 70% in 2010 and are currently committed to purchase approximately 70% of Leshan's expected production capacity in 2013. In 2012, we incurred $0.1 million of underutilization charges. In 2011 and 2010, we incurred no underutilization charges. As part of our manufacturing agreements with Leshan, we supply die used in the production process.

The Leshan facility is one of our lowest cost manufacturing operations. In June 2002, we obtained approval from the Chinese government for the Leshan joint venture to invest up to $231.0 million in semiconductor operations, which is in addition to the $278.0 million originally approved. In 2004, we committed to make additional capital contributions of approximately $25.0 million to this joint venture by 2012, subject to market conditions. As of December 31, 2012, we had made additional capital contributions of approximately $28.0 million. We have no obligation to make future capital contributions.

We use third-party contractors for some of our manufacturing activities, primarily for wafer fabrication and the assembly and testing of finished goods. Our agreements with these contract manufacturers typically require us to forecast product needs and commit to purchase services consistent with these forecasts. In some cases, longer-term commitments are required in the early stages of the relationship. These contract manufacturers, including Amkor, UTAC, Unisem, Tower, JCAP, UMC and TSMC, accounted for approximately 23%, 23% and 29% of our manufacturing costs in 2012, 2011 and 2010, respectively.

Raw Materials

Our manufacturing processes use many raw materials, including silicon wafers, gold, copper, and lead frames, mold compound, ceramic packages and various chemicals and gases. We obtain our raw materials and supplies from a large number of sources generally on a just-in-time basis, and material agreements with our suppliers that impose minimum or continuing supply obligations are reflected in our table which shows commitments, contingencies and indemnities in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations— Liquidity and Capital Resources" under the heading "Contractual Obligations" included elsewhere in this report. From time to time, suppliers may extend lead times, limit supplies or increase prices due to capacity constraints or other factors. Although we believe that supplies of the raw materials we use are currently and will continue to be available, shortages could occur in various essential materials due to interruption of supply, increased demand in the industry or certain other factors.

Sales, Marketing and Distribution

As of December 31, 2012, our global sales and marketing organization consisted of approximately 1,100 professionals operating out of approximately 50 offices, which serve customers in approximately 70 countries. We support our customers through logistics organizations and just-in-time warehouses. Global and regional distribution channels further support our customers' needs for quick response and service. We offer efficient, cost-effective Internet-based applications support from our laboratories in Czech Republic, China and the United States. Through on-line connectivity, applications developed in one region of the world are now instantaneously available to all other regions. We continue to monitor our freight and logistical support operations for potential cost savings.

Patents, Trademarks, Copyrights and Other Intellectual Property Rights

We market our products under our registered trademark ON Semiconductor® and our ON logo, as well as under the licensed trademark and logo of SANYO Semiconductor, which we are able to utilize for a three year period from the acquisition date with some extension of time for certain products that are manufactured but not yet sold by the end of 2013. We own rights to a number of patents, trademarks, copyrights, trade secrets and other IP directly related to and important to our business. In connection with our 1999 recapitalization, Motorola

assigned, licensed or sublicensed to us, as the case may be, certain IP to support and continue the operation of our business. We also acquired or were licensed or sublicensed to a significant amount of IP, including patents and patent applications, in connection with our acquisition of SANYO Semiconductor. In connection with the IP received from the SANYO Semiconductor transaction, we received a limited indemnity umbrella to protect us from general unknown and certain known infringement claims from third parties. As of December 31, 2012, we had approximately 6,200 U.S. and foreign patents and approximately 3,000 patent applications pending worldwide. Our patents have expiration dates ranging from 2013 to 2032. None of our patents that expire in the near future materially affect our business. Additionally, we have rights to more than 330 registered and common law trademarks. Our policy is to protect our products and processes by asserting our IP rights where appropriate and prudent and by obtaining patents, copyrights and other IP rights used in connection with our business when practicable and appropriate.

Seasonality

Historically, our revenues have been affected by the cyclical nature of the semiconductor industry and the seasonal trends of related end-markets consisting of a stronger second half of the year for consumer products as compared to the first half of the year. In 2012, as a result of global and industry economic conditions, we did not experience the traditional cyclical pattern during the second half of the year. In recent years, the industry has also been affected by significant shifts in consumer demand due to economic or other factors, which has resulted in volatility in order patterns and lead times, sudden shifts in product demand and periodic production over-capacity. We have, in the past, experienced substantial quarter-to-quarter fluctuations in revenues and operating results and, in the future, could continue to experience short term period-to-period fluctuations in operating results due to general industry or economic conditions.

Backlog

Our trade sales are made primarily pursuant to orders that are predominantly booked as far as 26 weeks in advance of delivery. Generally, prices and quantities are fixed at the time of booking. Backlog as of a given date consists of existing orders and forecasted demand from our Electronic Data Interface customers, in each case scheduled to be shipped over the 13-week period following such date. Backlog is influenced by several factors, including market demand, pricing and customer order patterns in reaction to product lead times. For those shipments to distributors who are allowed sales return rights and allowances, we record revenues on a “sell-through” basis. Thus, backlog comprised of orders from these distributors will not result in revenues until these distributors sell the products ordered. During 2012, our backlog at the beginning of each quarter represented between 82% and 92% of actual revenues during such quarter, which is lower on a percentage basis than prior years. This is generally due to the acquisition of SANYO Semiconductor, as that business has a lower backlog as compared to the historical ON Semiconductor business. As manufacturing capacity utilization in the industry increases, customers tend to order products further in advance and, as a result, backlog at the beginning of a period as a percentage of revenues during such period is likely to increase.

In the semiconductor industry, backlog quantities and shipment schedules under outstanding purchase orders are frequently revised to reflect changes in customer needs. Agreements calling for the sale of specific quantities are either contractually subject to quantity revisions or, as a matter of industry practice, are often not enforced. Therefore, a significant portion of our order backlog may be cancelable. For these reasons, the amount of backlog as of any particular date may not be an accurate indicator of future results.

We sell products to key customers pursuant to contracts that allow us to schedule production capacity in advance and allow the customers to manage their inventory levels consistent with just-in-time principles while shortening the cycle times required for producing ordered products. However, these contracts are typically amended to reflect changes in customer demands and periodic price renegotiations.

Competition

The semiconductor industry, particularly the market for general-purpose semiconductor products like ours, is highly competitive. Although only a few companies compete with us in all of our product lines, we face significant competition within each of our product lines from major international semiconductor companies, as well as smaller companies focused on specific market niches. Because our components are often building block semiconductors that, in some cases, can be integrated into more complex ICs, we also face competition from manufacturers of ICs, ASICs and fully customized ICs, as well as customers who develop their own IC products. See Part I, Item 1A "Risk Factors— Trends, Risks and Uncertainties Related to Our Business" located elsewhere in this report for additional information.

In comparison, several competitors noted below are larger in scale and size, have substantially greater financial and other resources with which to pursue development, engineering, manufacturing, marketing and distribution of their products and may generally be better situated to withstand adverse economic or market conditions. The following discusses the effects of competition on our three operating segments:

Application Products Group

The principal methods of competition in the Application Products Group are with other customer-specific semiconductor vendors based on design experience, manufacturing capability, depth and quality of IP, ability to service customer needs from the design phase to the shipping of a completed product, length of design cycle, longevity of technology support and experience of sales and technical support personnel.

Our ability to compete successfully depends on internal and external variables, both inside and outside of our control. These variables include, but are not limited to, the timeliness with which we can develop new products and technologies, product performance and quality, manufacturing yields and availability, customer service, pricing, industry trends and general economic trends.

Our Medical and Industrial Timing businesses face direct competition from large diversified semiconductor suppliers that supply custom and semi-custom ICs, such as STMicroelectronics N.V. and Texas Instruments Incorporated. The business also faces direct competition from smaller end-market-focused mixed-signal suppliers, such as Elmos Semiconductor and ZMD AG. Direct competition also comes from our target customers themselves, who may have internal IC design resources dedicated to supporting the parent. Our Timing Products business also faces direct competition from clock suppliers such as Cypress Semiconductor and Integrated Device Technology, Inc., and our digital ASIC business faces threats from FPGA vendors such as Xilinx, Inc. and Altera Corporation, as well as digital ASIC suppliers like Open-Silicon, Inc. and e-Silicon Corporation. Our primary foundry competition includes X-FAB Semiconductor Foundries AG, Taiwan Semiconductor Manufacturing Company, Ltd., Tower Semiconductor Ltd. and MagnaChip Semiconductor LLC.

We also face indirect competition from ASSP suppliers such as Microchip Technology, Inc., whose mixed-signal microcontroller products capture low-end mixed-signal ASIC opportunities. Indirect competition also comes from analog standard products suppliers such as Maxim Integrated Products, Inc., Analog Devices, Inc. and Linear Technology Corporation, whose technical performance or off-the-shelf availability may be better than what we can offer.

The principal methods of competition in the computing and consumer markets are technical performance, total solution cost of ownership, quality and assurance of supply. Our architectures for AC-DC conversion offer a competitive total cost of ownership and leadership in power efficiency to compete. Our architecture for our microprocessor and DDR memory controllers offers a competitive cost of ownership and performance position to compete in the computing and consumer game console market. In addition, the breadth of our portfolio in other support functions such as DC- DC converters, over voltage protection IC's, video and audio ICs, and standard analog and logic ICs gives us the opportunity to serve multiple requirements and allows customers to control their vendor lists more easily. Our significant competitors in this market include Intersil Corporation, Maxim Integrated Products, Inc., Texas Instruments Incorporated, STMicroelectronics N.V. and Power Integrations, Inc.

Standard Products Group

The Standard Products Group's competitive strengths are in our market leading protection and filtering products, the breadth of our portfolio, technical performance, micro-packaging expertise, our high quality, low cost structure, and supply chain management which ensures supply to key customers. In addition, our strengths include our strong IP portfolio and our ability to leverage IP blocks across the Company to develop high value-added ASSPs.

The principal methods of competing in our discrete semiconductor products are through new product and package innovations with enhanced performance over existing products. Of particular importance are our transient voltage protection and filtering portfolios (ESD Protection, Common Mode Filters), power switching and rectification products and CCRs, where we enjoy significant performance advantages over our competition. Our significant competitors include Diodes Incorporated, NXP B.V., Rohm Co., Ltd., TSPS Corporation, Infineon Technologies AG, Vishay Intertechnology, Inc., Fairchild Semiconductor International, Inc., STMicroelectronics N.V., and Semtech Corporation.

SANYO Semiconductor Products Group

The principal methods of competition for the SANYO Semiconductor Products Group are technical performance, quality, service and price. Our competitive strengths are strong technology and design capability, breadth of product portfolio, systems design expertise and long-standing supply relationships with leading OEM customers. Our significant competitors include Toshiba Corporation, Renasas Electronics Corporation, NXP B.V., Rohm Co. Ltd., Mitsubishi Electric, Sanken Electric, STMicroelectronics N.V., Fairchild Semiconductor International, Inc., International Rectifier Corporation and Texas Instruments Incorporated.

Research and Development

Company-sponsored research and development costs in 2012, 2011 and 2010 were $367.5 million (12.7% of revenue), $362.5 million (10.5% of revenue) and $248.0 million (10.7% of revenue), respectively. Our new product development efforts continue to be focused on building solutions in power management that appeal to customers in focused market segments and across multiple high growth applications. During 2012, research and development costs increased as a result of our growing usage of engineering materials and depreciation for new capital projects and design software.

Government Regulation

Our manufacturing operations are subject to environmental and worker health and safety laws and regulations. These laws and regulations include those relating to emissions and discharges into the air and water, the management and disposal of hazardous substances, the release of hazardous substances into the environment at or from our facilities and at other sites, and the investigation and remediation of resulting contamination.

Our headquarters in Phoenix, Arizona is located on property that is a "Superfund" site, a property listed on the National Priorities List and subject to clean-up activities under the Comprehensive Environmental Response, Compensation, and Liability Act. Motorola and now Freescale Semiconductor, Inc. ("Freescale") have been actively involved in the cleanup of on-site solvent contaminated soil and groundwater and off-site contaminated groundwater pursuant to consent decrees with the State of Arizona. As part of our 1999 recapitalization, Motorola retained responsibility for this contamination and Motorola and Freescale have agreed to indemnify us with respect to remediation costs and other costs or liabilities related to this matter.

Our former manufacturing location in Aizu, Japan is located on property where soil and ground water contamination has been detected. We believe that the contamination originally occurred during a time when the facility was operated by a prior owner. We are working with local authorities to determine the appropriate

remediation actions and expect remediation costs, subject to certain limitations, to be indemnified pursuant to an agreement between us and the prior owner or covered by insurance subject to a deductible. Based on information available, any net costs to us in connection with this matter are not expected to be material.

Our manufacturing facility in the Czech Republic has ongoing remediation projects to respond to releases of hazardous substances that occurred during the years that this facility was operated by government-owned entities. The remediation project consists primarily of monitoring groundwater wells located on-site and off-site, with additional action plans developed to respond in the event activity levels are exceeded. The government of the Czech Republic has agreed to indemnify us and the respective subsidiaries, subject to specified limitations, for remediation costs associated with this historical contamination. Based upon the information available, we do not believe that total future remediation costs to us will be material.

Our design center in East Greenwich, Rhode Island is located on property that has localized soil contamination. When we purchased the East Greenwich facility, we entered into a Settlement Agreement and Covenant Not To Sue with the State of Rhode Island. This agreement requires that remedial actions be undertaken and a quarterly groundwater monitoring program be initiated by the former owners of the property. Based on the information available, we do not believe that any costs to us in connection with this matter will be material.

As a result of the acquisition of AMIS, we are a “primary responsible party” to an environmental remediation and cleanup at AMIS’s former corporate headquarters in Santa Clara, California. Costs incurred by AMIS include implementation of the clean-up plan, operations and maintenance of remediation systems, and other project management costs. However, AMIS’s former parent company, a subsidiary of Nippon Mining contractually agreed to indemnify AMIS and us for any obligation relating to environmental remediation and cleanup at this location. Based on the information available, we do not believe that any costs to us in connection with this matter will be material.

We believe that our operations are in material compliance with applicable environmental and health and safety laws and regulations. We do not expect the cost of compliance with existing environmental and health and safety laws and regulations, and liability for currently known environmental conditions, to have a material adverse effect on our business or prospects. It is possible, however, that future developments, including changes in laws and regulations, government policies, customer specification, personnel and physical property conditions, including currently undiscovered contamination, could lead to material costs.

Employees

As of December 31, 2012, we had approximately 20,000 employees worldwide, of which approximately 2,300 employees were in the United States. None of our employees in the United States are covered by collective bargaining agreements. Certain of our foreign employees are covered by collective bargaining arrangements (i.e., Japan and Belgium) or similar arrangements or are represented by workers councils. For information regarding employee risk associated with our international operations, see Part I, Item 1A “Risk Factors— Trends, Risks and Uncertainties Related to Our Business” elsewhere in this report. Of the total number of our employees as of December 31, 2012, approximately 16,000 were engaged in manufacturing, approximately 1,100 were engaged in our sales and marketing organization which includes customer service, approximately 700 were engaged in administration and approximately 2,200 were engaged in research and development.

Executive Officers of the Registrant

Certain information concerning our executive officers as of February 22, 2013 is set forth below.

Name	Age	Position
Keith D. Jackson	57	President, Chief Executive Officer and Director*
Bernard Gutmann	53	Executive Vice President, Chief Financial Officer and Treasurer*
Robert Charles Mahoney	63	Executive Vice President, Sales and Marketing*
George H. Cave	55	Senior Vice President, General Counsel, Chief Compliance and Ethics Officer and Corporate Secretary*
William M. Hall	57	Senior Vice President and General Manager, Standard Products Group*
Bob Klosterboer	52	Senior Vice President and General Manager, Application Products Group*
Mamoon Rashid	53	Senior Vice President and General Manager, SANYO Semiconductor Group*

* Executive Officers of both ON Semiconductor and SCI LLC.

The present term of office for the officers named above will generally expire on the earliest of their retirement, resignation or removal. There is no family relationship among such officers.

Keith D. Jackson. Mr. Jackson was appointed as President and Chief Executive Officer of ON Semiconductor and SCI LLC in November 2002. Mr. Jackson has over 30 years of semiconductor industry experience. Before joining ON Semiconductor, he was with Fairchild Semiconductor Corporation, serving as Executive Vice President and General Manager, Analog, Mixed Signal, and Configurable Products Groups, beginning in 1998, and, more recently, was head of its Integrated Circuits Group. From 1996 to 1998, he served as President and a member of the board of directors of Tritech Microelectronics in Singapore, a manufacturer of analog and mixed signal products. From 1986 to 1996, Mr. Jackson worked for National Semiconductor Corporation, most recently as Vice President and General Manager of the Analog and Mixed Signal division. He also held various positions at Texas Instruments Incorporated, including engineering and management positions, from 1973 to 1986. Mr. Jackson currently serves on the board of directors of Veeco Instruments, Inc., and has served on the board of directors of the Semiconductor Industry Association since 2008.

Bernard Gutmann. Mr. Gutmann was promoted and appointed Executive Vice President and Chief Financial Officer in September 2012. Before his promotion, he worked with the corporation as Vice President, Corporate Analysis & Strategy of SCI LLC, serving in that position from April 2006 to September 2012. Mr. Gutmann also served and continues to serve as the CFO of SANYO Semiconductor, a position he has held since March 2011. In these roles, his responsibilities have included finance integration, financial reporting, restructuring, tax, treasury, and financial planning and analysis. From November 2002 to April 2006, Mr. Gutmann served as Vice President, Financial Planning & Analysis and Treasury of SCI LLC. From September 1999 to November 2002, he held the position of Director, Financial Planning & Analysis of SCI LLC. Prior to joining ON Semiconductor, Gutmann served in various financial positions with Motorola, Inc. from 1982 to 1999, including controller of various divisions and an off-shore wafer and backend factory, finance and accounting manager, financial planning manager and financial analyst. He holds a Bachelor of Science in Management Engineering from Worchester Polytechnic Institute in Massachusetts (U.S.). Additionally, he is fluent in English, French, Spanish, and conversant in German.

Robert Charles Mahoney. Mr. Mahoney joined the Company in November 2002 and has served in various positions. Most recently, in June 2006, he was appointed as Executive Vice President for Sales and Marketing for ON Semiconductor and SCI LLC. Mr. Mahoney has over 20 years of semiconductor industry experience in sales

and sales management. From May 2006 through June 2006, Mr. Mahoney served as the interim Senior Vice President of Marketing and Sales for the Company. From August 2004 through April 2006, he served as the Vice President of North America Sales, Computing Segment Sales and Sales Operations, and from November 2002 through August 2004, he served as the Company's Vice President of Global Distribution and Electronic Manufacturing Services Industry. Before joining the Company, Mr. Mahoney was Vice President of World Wide Sales at Xicor Semiconductor from October 2001 until November 2002 and Vice President of Strategic Accounts at Altera Corporation from May 2000 until October 2001. During his career, he has also held sales management roles at Analog Devices, Inc. and National Semiconductor Corp.

George H. Cave. Mr. Cave has served as the General Counsel of ON Semiconductor and SCI LLC since August 1999. He also currently serves as a Senior Vice President, Corporate Secretary and Chief Compliance & Ethics Officer for the Company. Mr. Cave's professional career spans over 27 years of broad legal and business experience, including working for over 20 years in the semiconductor industry. Before his tenure with ON Semiconductor and SCI LLC, he served for two years as the Regulatory Affairs Director for Motorola's Semiconductor Components Group in Geneva, Switzerland. Prior to that position, Mr. Cave was Senior Counsel in the Corporate Law Department of Motorola in Phoenix, Arizona for five years. Mr. Cave also serves as the Vice Chairman of the Board of Directors of the American Medical College of Homeopathy.

William M. Hall. Mr. Hall joined ON Semiconductor and SCI LLC in May 2006 as Senior Vice President and General Manager of the Standard Products Group. During his career, Mr. Hall has held various marketing and product line management positions. Before joining the Company, he served as Vice President and General Manager of the Standard Products Group at Fairchild Semiconductor Corp. Between March 1997 and May 2006, Mr. Hall served at different times as Vice President of Business Development, Analog Products Group, Standard Products Group, and Interface and Logic Group, as well as serving as Vice President of Corporate Marketing at Fairchild. He has also held management positions with National Semiconductor Corp. and was a RADAR design engineer with RCA.

Robert A. Klosterboer. Mr. Klosterboer joined the Company in March 2008 and currently serves as Senior Vice President and General Manager of the Application Products Group for ON Semiconductor and SCI LLC. From March 2008 to September 2012, he was Senior Vice President and General Manager of the business unit then known as the Automotive, Industrial, Medical, & Mil/Aero Group. He has more than three decades of experience in the electronics industry. During his career, Mr. Klosterboer has held various engineering, marketing and product line management positions and responsibilities. Prior to joining ON Semiconductor in 2008, Mr. Klosterboer was Senior Vice President, Automotive & Industrial Group for AMI Semiconductor, Inc. Mr. Klosterboer joined AMIS in 1982 as a test engineer and during his tenure there he also was a design engineer, field applications engineer, design section manager, program development manager, and product marketing manager. Mr. Klosterboer holds a bachelor's degree in electrical engineering technology from Montana State University.

Mamoon Rashid. Mr. Rashid has over 28 years of experience in the semiconductor and electronics industry spanning from marketing, manufacturing, and sales, to product line management positions. In January 2013, Mr. Rashid was appointed as Senior Vice President and General Manager, SANYO Semiconductor Group. Prior to his promotion, Mr. Rashid held the position of Vice President of strategic business development, during which time he led the integration and restructuring of SANYO Semiconductor. In this role, he also served as a director on SANYO Semiconductor's board. Mr. Rashid joined ON Semiconductor in October 2004 and has held several leadership positions during his time with us. Prior to September 2008, Mr. Rashid served as Vice President and General Manager of our discrete products division, where he improved the growth and profitability of the business by entering several new product areas. From September 2008 to 2010, Mr. Rashid led our global supply chain organization as Vice President and General Manager during a transformational period for the Company. In these positions, he has supported the growth of ON Semiconductor into a multi-technology leading supplier of power solutions, as well as helped improve profitability, efficiency and new product successes. Prior to joining ON Semiconductor, Mr. Rashid held leadership positions at market leading companies such as Intersil, Semtech and General Semiconductor.

Geographical Information

For certain geographic operating information, see Note 9: "Income Taxes" and Note 17: "Segment Information" of the notes to our audited consolidated financial statements and Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations," in each case, as included elsewhere in this report. For information regarding other aspects of risks associated with our foreign operations, see Part I, Item 1A "Risk Factors— Trends, Risks and Uncertainties Related to Our Business" elsewhere in this report.

Available Information

We make our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports available, free of charge, in the "Investor Relations" section of our Internet website as soon as reasonably practicable after we electronically file these materials with, or furnish these materials to, the Securities and Exchange Commission (the "SEC"). Our website is *www.onsemi.com*.

You may also read or copy any materials that we file with the SEC at its Public Reference Room at 100 F. Street, N.E., Washington, DC 20549. You may obtain additional information about the Public Reference Room by calling the SEC at 1-800-SEC-0330. Additionally, you will find these materials on the SEC Internet site at *http://www.sec.gov* that contains reports, proxy statements and other information regarding issuers that file electronically with the SEC.

Item 1A. ***Risk Factors***

Overview

This Annual Report on Form 10-K includes "forward-looking statements," as that term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements, other than statements of historical facts, included or incorporated in this Form 10-K could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the headings "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business." 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-K 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. Among these factors are our revenues and operating performance, poor economic conditions and markets (including current financial conditions), effects of exchange rate fluctuations, the cyclical nature of the semiconductor industry, changes in demand for our products, changes in inventories at our customers and distributors, technological and product development risks, enforcement and protection of our IP rights and related risks, availability of raw materials, electricity, gas, water and other supply chain uncertainties, our ability to effectively shift production to other facilities when required in order to maintain supply continuity for our customers, variable demand and the aggressive pricing environment for semiconductor products, our ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality for our current products, competitor actions, including the adverse impact of competitor product announcements, pricing and gross profit pressures, loss of key customers, order cancellations or reduced bookings, changes in manufacturing yields, control of costs and expenses and realization of cost savings and synergies from restructurings (including the voluntary retirement program for employees of our SANYO Semiconductor Products Group and our recent global workforce reduction), significant litigation, risks associated with decisions to expend cash reserves for various uses such as debt prepayment, stock repurchases, or acquisitions rather than to retain such cash for future needs, risks associated with acquisitions and dispositions (including from integrating and consolidating and timely filing financial information with the SEC for acquired businesses and difficulties encountered in accurately predicting the future financial performance of acquired businesses), risks associated with our substantial leverage and restrictive covenants in our debt agreements that may be in place