PART I

Item 1. *Business*

Business Overview

ON Semiconductor Corporation and its subsidiaries ("we," "us," "our," "ON Semiconductor," or the "Company") are a supplier of high performance silicon solutions for energy efficient electronics. Our broad portfolio of power and signal management, logic, discrete and custom devices helps customers efficiently solve their design challenges in automotive, communications, computing, consumer, industrial, LED lighting, medical, military/aerospace, 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 application specific integrated circuits ("ASICs") use analog, digital signal processing, mixed-signal and advanced logic capabilities to act as the brain behind many of our automotive, medical, military, aerospace, consumer and industrial customers' unique products. Our data management semiconductor components provide high-performance clock management and data flow management for precision computing and communications systems. Our standard semiconductor components serve as "building block" components within virtually all types of electronic devices. These various products fall into the logic, analog, 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 integrated circuits and the "building block" components that deliver system level functionality and design solutions. Our product portfolio consisted of approximately 40,500 products in 2011 and we shipped approximately 42.6 billion units in 2011 as compared to 38.2 billion units in 2010. We specialize in micro packages, which offer increased performance characteristics while reducing the critical board space inside today's ever shrinking electronic devices. We believe that our ability to offer a broad range of products, global manufacturing network and logistics provides our customers with single source purchasing on a cost-effective and timely basis.

In October 2011, we announced a change in our organizational structure and the way we report our segment information. Previously reported information has been recast to reflect current organizational structure and reporting segments. We now are organized into four operating segments, which also represent four reporting segments: computing and consumer products group; automotive, industrial, medical and mil-aero products group; standard products; and SANYO Semiconductor products. Our SANYO Semiconductor products operating segment, acquired on January 1, 2011, designs, manufactures and sells discrete components, hybrid integrated circuits, radio frequency and power related products as well as custom integrated circuits. Many of these devices fall into the existing product categories described above, however, our SANYO Semiconductor products operating segment expands our capability in microcontrollers 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. Because many products are sold into different end markets, the total revenue reported for a segment is not indicative of actual sales in the end-market associated with that segment, but rather is the sum of the revenues from the product lines assigned to that segment. From time to time we reassess the alignment of our product families and devices to our operating segments and may move product families or individual devices from one operating segment to another.

Computing & Consumer Products	Automotive, Industrial, Medical and Mil-Aero Products	Standard Products	SANYO Semiconductor Products
DC-DC Conversion	Automotive Application Specific Standard Products ("ASSPs")	Bipolar Power	Power MOSFETs
Analog Switches	Analog Automotive	Thyristor	IGBTs
AC-DC Conversion	Automotive Power Switching	Small Signal	Power and Signal Discretes
Low Voltage Power Management	Automotive Mixed-Signal solutions	Zener	Intelligent Power Modules
Standard Logic	Medical ASICs & ASSPs	Protection	Motor Driver ICs
Power Switching	Linear Light Sensors	Rectifier	Display Drivers
Signal & Interface	CMOS Image Sensors	Filters	ASICs
LDO & Vregs	Military & Aerospace	MOSFETs	Microcontrollers
	Mixed Signal ASICs		Flash Memory
	Industrial ASSPs		Touch Sensor
	High Frequency / Timing		Power Supply IC
	EE Memory and Programmable Analog		Audio DSP
	Integrated Passive Devices ("IPD")		Audio Tuners
	Foundry and Manufacturing Services		Image stabilizer ICs
	Hearing Components		

The addition of SANYO Semiconductor Co. Ltd. ("SANYO Semiconductor") also provides us with a strong market presence in Japan, with many leading Japan-based customers, some of which were previously our customers. We have approximately 440 direct customers worldwide, and we also service approximately 300 significant original equipment manufacturers ("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, Delta, Samsung, Hella, Delphi, LG Electronics, Motorola Mobility, Motorola Solutions, Panasonic, Schneider, GE, Honeywell, Broadcom, Siemens, Nokia, Cisco Systems, and Sony Ericsson; (2) electronic manufacturing service providers, such as Flextronics, Celestica, Benchmark Electronic, and Jabil; and (3) global distributors, such as Arrow, Avnet, EBV Elektronik, Future, World Peace and Yosun.

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

During the fourth quarter of 2011, we committed to a plan to close our wafer manufacturing facility located in Aizu, Japan by the end of the second quarter of 2012 ("Aizu Plan"). Under the Aizu Plan, a majority of the Aizu, Japan production will be transferred to other Company-owned wafer fabrication facilities. The Aizu Plan is

being 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.

During the fourth quarter of 2011, we committed to a plan to close our probe, assembly and test operations located in Ayutthaya, Thailand and partially close our Bang Pa In, Thailand facility by the end of the first quarter of 2012, as a result of the damage caused to those facilities by the 2011 flooding in that region. For further information, see "Manufacturing Operations" below.

Company Highlights During 2011

- Record total revenues of approximately $3,442.3 million, up approximately 49% compared to 2010
- Completed the acquisitions of SANYO Semiconductor in January and the CMOS Image Sensor Business Unit from Cypress Semiconductor Corporation ("Cypress Semiconductor") in February
- Record cash, cash equivalents and short-term investments of $901.5 million
- Completed a $325.0 million five-year senior revolving credit facility
- Extended debt maturity of $198.6 million of 2.625% convertible senior subordinated notes from December 2013 to December 2016 through an exchange transaction

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. We continue to hold and operate, through direct and indirect subsidiaries, substantially all the assets and operations that we did when we were the Semiconductor Components Group of Motorola's Semiconductor Products Sector.

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, and as a result SANYO Semiconductor became our wholly-owned subsidiary. 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. In addition, 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 digital processing ("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 automotive, industrial, medical and mil-areo 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 application specific integrated passive ("ASIP") devices to protect products in the wireless, computing and consumer electronics end-markets. In addition, CMD's expertise in protection solutions for the high brightness LED ("HBLED") market, as well as its strengths in low current-based electromagnetic interference ("EMI") filtering and low capacitance electrostatic discharge ("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 expands 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 enhance 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.

On December 31, 2007, we acquired from Analog Devices, Inc. and its subsidiaries ("ADI") certain assets, including property, plant and equipment and intellectual property rights related to ADI's voltage regulation and thermal monitoring products for its computing applications business ("PTC Business") for a total acquisition cost of $148.0 million of cash. As a result of the acquisition, we have benefited from the technical expertise, customer relationships and power management know-how of the PTC Business and its employees. This acquisition expanded our overall computing power management business and increased our notebook power management market share.

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

Products and Technology

The following table provides information regarding our operating segments:

	Computing and Consumer Products Group	Automotive, Industrial, Medical and Mil-Aero Products Group	Standard Products Group	SANYO Semiconductor Products Group
Revenues				
2011	$609.1	$ 894.7	$878.2	$1,060.3
2010	$609.1	$ 794.7	$909.6	$—
2009	$473.0	$ 623.8	$672.1	$—
Representative OEM customers, distributors and end-users	Flextronics	Continential Automotive Systems*	Samsung	Panasonic*
	Celestica	Hella KG*	Delta	Sony*
	Seagate	Boston Scientific	Flextronics	Midea*
	Sony Ericsson	FLIR Systems	LG	Samsung*
	Samsung	Siemens	Apple	Canon*
	Jabil	Starkey Laboratories	Jabil	Fujitsu Ten*
	Motorola	Valeo	Motorola	Sharp
	LG	Bosch Gmbh	Continental Automotive	LG
	Delta	Delphi	Seagate	Apple
	Delphi	Raytheon	Sony Ericsson	Western Digital
	Avnet*	Avnet*	Avnet*	
	World Peace*	Arrow*	World Peace*	
	Arrow*	Flextronics*	Arrow*	
	WT. Microelectronics*		WT. Microelectronics*	
	Yosun*		Yosun*	

* Our principal customers for that segment.

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 revenues and property, plant and equipment, and also our segments and the income derived therefrom.

Computing and Consumer Products Group As computing platforms, both desktop and portable, evolve from data-processing systems (database manipulation, word processing and spreadsheets) to signal processing systems (audio, video, and wireless communications), the core processors need to be more and more powerful. More powerful processors in turn require more efficient power supplies and more efficient use of power on the motherboard and subsequent peripherals. The Computing & Consumer Products Group is focused on delivering power efficient analog IC solutions for power management in VCORE, DDR, and chipsets for audio, video, and graphics processing subsystems. Additionally, we provide efficient AC-DC conversion solutions for the power supplies in computing and consumer applications. We believe our success in these markets is attributable to our superior technology, and manufacturing and supply chain capabilities, which are needed to serve this high-volume market.

Automotive, Industrial, Medical and Mil-Aero Products Group The Automotive, Industrial, Medical and Mil-Aero Products Group designs and develops analog, mixed-signal and advanced logic ASIC and ASSP solutions for the automotive, medical, military/aerospace, consumer and industrial markets.

Our Automotive businesses are well recognized global suppliers of power management analog and mixed-signal ASIC and ASSP products for automotive applications. Our diverse portfolio includes automotive-grade low-dropout (“LDO”) voltage regulators, drivers, and ignition IGBTs. These offerings address the challenges of power efficiency and lower product drain modes that have become critical with the proliferation of electronic features throughout the automotive industry.

The Custom Industrial and Timing Products business is focused on mixed-signal ASICs and ASSPs for industrial, medical imaging, computing and consumer applications as well as clock and timing management products for industrial, communications and consumer applications. Our *PureEdge* ™ phase lock loop (“PLL”) family includes low noise jitter clock synthesizers and clock modules that are targeted at replacing traditional crystal oscillators. The acquisition of PulseCore Semiconductor further enhances this portfolio by adding new capabilities in active EMI protection and optimization utilizing advanced spread-spectrum clocking technology.

Our Medical Products business develops ASICs and ASSPs used in defibrillators, pacemakers, neurostimulators, hearing health applications, glucose meters and patient monitoring products as well as consumer and industrial audio products. These offerings leverage our ultra-low-power DSP and SRAM expertise and mixed-signal, firmware/software, algorithm system design and miniaturized packaging capabilities to provide best-in-class power efficiency.

Our Digital ASIC, Mil-Aero and Image Sensors business specializes in mid-range (above 90 nm) standard-cell ASICs conversions for the military/aerospace, industrial, communications, computing and consumer markets. The image sensor products business also develops ambient light sensors, proximity sensors, and linear contact image sensors (die and module form) to support various industrial and consumer applications. Our 2011 acquisition of the CMOS Image Sensor Business from Cypress Semiconductor includes a broad portfolio of well-known high-performance custom and standard image sensor products used in a variety of applications.

Our Memory product line offers serial EEPROM solutions in a wide range of densities for data parameter storage in a wide range of electronic products serving multiple market segments. Our configurable analog products include microcontroller supervisors and precision analog voltage references designed with patented post-packaging programmability to provide custom voltage programming capability for a wide range of industrial and consumer products. Additionally, our configurable analog products (Quantum Charge Programmable™) include microcontroller supervisors with on-board EEPROM to ensure safe, sustained

operation of electronic products while also enabling them to recover more efficiently from power disruptions. Our Digitally Programmable Potentiometers™ ("DPPs") replace mechanical potentiometers which are used to fine tune and trim electronic circuitry in a variety of applications.

Finally, our Custom Foundry business, in addition to offering Integrated Passive Device technology, leverages ON Semiconductor's broad range of manufacturing, IC design, package and silicon technology offerings to provide flexible, turnkey foundry solutions and manufacturing services for fabless semiconductor companies and OEMs.

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

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 (the value of the electronic content now exceeds that of the metal in many cars) 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 hand held applications and switching and rectification technologies that allow for high efficiency energy usage and conversion.

We offer serial EEPROM products in a wide range of densities for data parameter storage in a wide range of electronic products across multiple market segments. Our drivers are used in color screen applications to ensure uniform brightness and color purity, while minimizing power consumption in cell phones, digital cameras, MP3 music players, portable gaming consoles, personal digital assistants, industrial instrumentation, automotive instrument clusters and home appliances. Our configurable analog products include our Quantum Charge Programmable™ microcontroller supervisors and precision analog voltage references designed with patented post-packaging programmability to provide customers with custom voltage programming for a very wide range of industrial and consumer electronic products. Additional configurable analog products include microcontroller supervisors with on-board EEPROM to ensure safe, sustained operation of electronic products and allow them to recover more efficiently from power disruptions; DPPs, which replace mechanical potentiometers used to fine tune and trim electronic circuitry in a variety of applications like interactive game consoles, digital cameras and optical transceivers; DC-DC converters and low drop-out regulators for battery-powered products; and bus products used in a wide range of electronic products to connect the digital control bus to the external user interface.

SANYO Semiconductor Products Group Our SANYO Semiconductor Products Group is a global supplier of analog and mixed signal integrated circuits, microcontrollers, DSPs, analog and digital tuners, intelligent power modules, memory and discrete semiconductors to the consumer, industrial and automotive 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 (smartphones, media tablets, etc.), 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

We have been doing business with 49 of our 50 largest customers for more than five years. 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, 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 year ended December 31, 2011, we had no sales to customers that accounted for 10% or more of our revenues. Prior to 2011, sales to customers of 10% or more of revenues were as follows: Avnet, Inc. 13% in 2010 and 11% in 2009, 2008 and 2007. As Avnet is a distributor, they have revenues in each of our segments with the exception of SANYO Semiconductor.

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-user 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-user market during 2011, 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 2011 Revenue	19%	26%	21%	15%	9%	5%	2%	3%
Sample applications	•Computer monitors	•DVD players, cable decoders, set-top boxes and satellite receivers	•4 wheel drive controllers	•Industrial automation and control systems	•Cellular phones (analog and digital)	•Routers and switches	•Cockpit displays	•Medical imaging
	•Disk drives	•Home security systems	•Airbags	•Lamp ballasts (power systems for fluorescent lights)	•Pagers	•Fiber optic networking	•Guidance systems	•Cardiac Rhythm Management
	•PC motherboards	•Photocopiers	•Anti-lock braking systems	•Large household appliances	•Wireless modems and wireless local area networks	•Cellular base stations and infrastructure	•Munitions	•Glucose Monitoring
	•Notebook power supplies	•Scanners	•Automatic door locks and windows	•Electric motor controllers		•Ethernet cards and other network controllers	•Infrared imaging	•Hearing aids and Cochlear implants

	Computing	Consumer Electronics	Automotive Electronics	Industrial Electronics	Wireless Communications	Networking	Mil-Aero	Medical
		•Small household appliances	•Automatic transmissions	•Power supplies for manufacturing equipment		•High speed modems (cable, xDSL and ISDN)	•Portable Communication Devices	•Defibrillators
		•Smartcards	•Automotive entertainment systems	•Surge protectors		•PBX telephone systems	•Aircraft Networking and Compute Engines	•Neurostimulators
		•TVs, VCRs and other audio-visual equipment	•Engine management and ignition systems	•Thermostats for industrial and consumer applications		•Network controllers	•Aircraft Communication	
		•Power supplies for consumer electronics	•Fuel injection systems	•Automatic test equipment				
			•GPS and other navigation systems					
			•LIN/CAN multiplexing					
Representative OEM customers and end users	Delta Elec Int'l Ltd	Microsoft	Hella KG	Delta Elec Int'l Ltd	Samsung Elec Co.	Alcatel	Raytheon Co	Boston Scientific
	Seagate Technology	Samsung Elec Co.	Continental Automotive Systems	Individual Companies	Sony Ericson	ZTE Hong Kong LTD	Aeroflex	Starkey Labortories
	Hewlett Packard Co	LG Electronics	CAS-Former Siemens VDO	Kionix INC	LG Electronics	Cisco	Rockwell Collins	General Electric Co
	Emerson Electric Co	Echostar	Delphi	Flir Systems	Huawei Tech Co., Ltd.	Ericson	ITT Corporation	St. Jude Medical
	Schneider Electric	Xerox Corp	CAS-Former Motorola Automotive	Emerson Electric Co	Motorola	Nokia Siemens Networks	Stellar Microelectronics	Medtronic
	Dell Computer	Scientific Atlanta	Visteon	Siemens Industrial	ZTE Hong Kong Ltd	Nortel Networks	Sofradir	Cardic Pacemakers Inc
	LG Electronics	Sony Corp	Bosch GMBH	Honeywell Inc.	Amkor Technology Inc	Delta Elec Int'l Ltd	Honeywell Inc	ELA Medical
	Samsung Elec Co.	Philips	Valeo	Tyco International	Kyocera	Foxconn	L-3 Communications	Intricon Corp
	Surface Mount Technology	Whirlpool Corp	TRW Inc	Belimo Automation AG	V.Tech	Adtran Inc	British Aerospace	Philips
	Lite-On Electronics, Inc AP	Sagem Communications	Magneti Marelli	Landis & GYR AG	Gigaset Communications	Tellabs Inc	DRS	Abbot Labs

Original Equipment Manufacturers Direct sales to OEMs accounted for approximately 56% of our revenues in 2011, 46% of our revenues in 2010 and 47% of our revenues in 2009. The increase from 2010 to 2011 was driven by the significantly higher mix of OEM revenue from the SANYO Semiconductor acquisition. These customers include a variety of companies in the electronics industry such as Continental Automotive Systems, Delta, Samsung, Hella, Delphi, LG Electronics, Motorola Mobility, Motorola Solutions, Schneider, GE, Honeywell, Broadcom, Siemens, Nokia, Cisco Systems, and Sony Ericsson. 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 37% of our revenues in 2011, 45% of our revenues in 2010 and 42% of our revenues in 2009. The decrease from 2010 to 2011 was driven by significantly lower mix of distributors from the SANYO Semiconductor acquisition. Our distributors, which include Arrow, Avnet, EBV Elektronik, Future, World Peace and Yosun, 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 our inability to reasonably estimate up front the effect of the 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 2011, 9% of our revenues in 2010 and 11% of our revenues in 2009. Our largest electronic manufacturing service customers are Flextronics, Jabil, Benchmark Electronic and Celestica. 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.

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, the 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 the Aizu Plan to close our wafer manufacturing facility located in Aizu, Japan by the end of the second quarter of 2012. Under the Aizu Plan, a majority of the Aizu, Japan production will be transferred to other wafer fabrication facilities. The Aizu Plan is being 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.

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 (“Thailand Plans”) as a result of the damage caused to those facilities by the 2011 flooding in that region and the fact that the costs to recover and reconstruct those facilities would be excessive. Under the Thailand Plans, a majority of the Ayutthaya and Bang Pa In production will be transferred to other Company-owned facilities that have excess equipment capacity and excess floor space, and to some external subcontractors. We anticipate that the Thailand Plans will be completed by the end of June 2012.

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	Automotive, Industrial, Medical and Mil-Aero Products Group	95,400
Gresham, Oregon	Computing and Consumer Products Group and Automotive, Industrial, Medical and Mil-Aero Products Group	518,000
Pocatello, Idaho	Automotive, Industrial, Medical and Mil-Aero Products Group	443,000
Roznov, Czech Republic	Computing and Consumer Products Group and Automotive, Industrial, Medical and Mil-Aero Products Group	237,000
Aizu, Japan (1)	Computing and Consumer Products Group, Automotive, Industrial, Medical and Mil-Aero Products Group and Standard Products Group	289,500
Oudenaarde, Belgium	Automotive, Industrial, Medical and Mil-Aero Products Group	167,900
Seremban, Malaysia (Site-2)	Automotive, Industrial, Medical and Mil-Aero Products Group and Standard Products Group	81,200
Oizumi town, Gunma, Japan (2) (4)	SANYO Semiconductor Products Group	406,600
Anpachi town, Gifu, Japan (1) (4)	SANYO Semiconductor Products Group	424,000
Ojiya city, Niigata, Japan	SANYO Semiconductor Products Group	1,724,600
Back-end Facilities:		
Ayutthaya, Thailand (1)	SANYO Semiconductor Products Group	1,243,900
Burlington, Canada	Automotive, Industrial, Medical and Mil-Aero Products Group	95,400
Leshan, China	Standard Products Group	363,000
Seremban, Malaysia (Site-1)	Computing and Consumer Products Group, Automotive, Industrial, Medical and Mil-Aero Products Group and Standard Products Group	309,300
Calamba, Philippines (2) (4)	Automotive, Industrial, Medical and Mil-Aero Products Group	200,600
Carmona, Philippines	Computing and Consumer Products Group, Automotive, Industrial, Medical and Mil-Aero Products Group and Standard Products Group	222,500
Bang Pa In, Thailand (3) (4)	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

Location	Products	Size (sq. ft.)
Other Facilities:		
Roznov, Czech Republic	Computing and Consumer Products and Automotive, Industrial, Medical and Mil-Aero Products Group	405,300
Santa Clara, California	Automotive, Industrial, Medical and Mil-Aero Products Group.	42,000

(1) As noted above, the sites are scheduled to be closed during 2012.
(2) During 2012, we will be exiting certain of these leased facilities.
(3) During 2012, we will partially close this facility.
(4) These facilities are leased.

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 2011, 70% in 2010 and 73% in 2009 and are currently committed to purchase approximately 70% of Leshan's expected production capacity in 2012. In 2011 and 2010, we incurred no underutilization charges. In 2009, we incurred $2.7 million in 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 capital contributions of approximately $25.0 million to this joint venture by 2012, subject to market conditions. As of December 31, 2011, we had made capital contributions of approximately $16.4 million to this joint venture. We have the ability to time these expenditures at our discretion to meet market demand.

We also 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, Nantong, Stars, UMC and TSMC, accounted for approximately 18%, 29% and 25% of our manufacturing costs in 2011, 2010 and 2009, 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 showing commitments, contingencies and indemnities in Part II, Item 7 "Management's Discussion and Analysis of Financial Condition and Results of Operations" 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 or increased demand in the industry.

Sales, Marketing and Distribution

As of December 31, 2011, our global sales and marketing organization consisted of approximately 1,258 professionals operating out of approximately 47 offices which serve customers in 77 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 the 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 intellectual property 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 intellectual property to support and continue the operation of our business. We also acquired or were licensed or sublicensed a significant amount of intellectual property, including patents and patent applications, in connection with our acquisition of SANYO Semiconductor. In connection with the intellectual property received from both the Motorola and SANYO Semiconductor transactions, we received a limited indemnity umbrella to protect us from general unknown and certain known infringement claims from third parties. As of December 31, 2011, we had approximately 6,129 U.S. and foreign patents and approximately 3,511 patent applications pending worldwide. Our patents have expiration dates ranging from 2012 to 2031. None of our patents that expire in the near future materially affect our business. Additionally, we have rights to more than 370 registered and common law trademarks. Our policy is to protect our products and processes by asserting our intellectual property rights where appropriate and prudent and by obtaining patents, copyrights and other intellectual property rights used in connection with our business when practicable and appropriate.

Seasonality

Our revenues are affected by the cyclical nature of the semiconductor industry and the seasonal trends of related end-markets. Traditionally, the seasonal trend consisted of a soft first half of the year with a stronger second half of the year for consumer products. In recent years, the industry has also been affected by significant shifts in consumer demand due to economic downturns or other factors, which may result 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 to 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 predominately 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 demands 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 2011, our backlog at the beginning of each quarter represented between 82% and 91% of actual revenues during such quarter, which is lower on a percentage basis than prior years, 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 integrated circuits, we also face competition from manufacturers of integrated circuits, ASICs and fully customized integrated circuits, as well as customers who develop their own integrated circuit products. (See Part I, Item 1A “Risk Factors—Trends, Risks and Uncertainties Related to Our Business” located elsewhere in this report.)

When compared to us, several of the 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. Below we discuss the effects of competition on our four primary operating segments:

Computing and Consumer Products Group

The principal methods of competition in the Computing and Consumer Products Group 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 IC’s give us the opportunity to serve multiple requirements and allow 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.

Automotive, Industrial, Medical and Mil-Aero

The principal methods of competition in the Automotive, Industrial, Medical and Mil-Aero Product Group are with other customer-specific semiconductor vendors based on design experience, manufacturing capability, depth and quality of intellectual property, 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 Custom Industrial 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 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 configurable analog products, LED drivers and EEPROM spaces are product performance and new product innovations, where we are specifically focusing on integrating IP (e.g., EEPROM, digital potentiometer, and voltage reference blocks) as building blocks to create high value-added ASSPs. Our significant competitors include Atmel Corporation, STMicroelectronics N.V., Microchip Technology Incorporated, Fairchild Semiconductor International, Inc., Intersil Corporation, Linear Technology Corporation, Maxim Integrated Products, Inc., National Semiconductor Corporation and Texas Instruments Incorporated.

Standard Products Group

Our 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 intellectual property (“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 over voltage protection and filtering portfolios (ESD Protection, TVS Zeners), power switching and rectification products and constant current regulators (“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. One specific competitive challenge this group faces is our small market share with certain Japanese automotive customers that tend to favor local suppliers for their new product designs. With the acquisition of SANYO Semiconductor in January 2011, we expect this weakness to be mitigated.

SANYO Semiconductor Products Group

The principal methods of competition for SANYO Semiconductor are technical performance, quality, service and price. Our competitive strengths in this group are our 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., Mistubishi 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 2011, 2010 and 2009 were $362.5 million (10.5% of revenue), $248.0 million (10.7% of revenue) and $198.8 million (11.2% 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 2011, research and development costs increased due to increased expense associated with on-going research and development activities associated with our SANYO Semiconductor acquisition, along with an increase in labor cost related to increases in head count.

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 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. We have not offset the receivable from Nippon Mining's subsidiary against the estimated liability on the consolidated balance sheets. Therefore, a receivable from Nippon Mining's subsidiary is recorded on the accompanying consolidated balance sheets as of December 31, 2011 related to this matter in the amount of $0.1 million. We do not believe that the liability and receivable amounts are material to our consolidated financial position, results of operations or cash flow.

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, 2011, we had approximately 19,442 employees worldwide, of which 2,411 employees are 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, 2011, approximately 15,286 were engaged in manufacturing, approximately 1,258 were engaged in our sales and marketing organization which includes customer service, approximately 708 were engaged in administration and approximately 2,190 were engaged in research and development.

Executive Officers of the Registrant

Certain information concerning our executive officers as of February 17, 2012 is set forth below.

Name	Age	Position
Keith D. Jackson	56	President, Chief Executive Officer and Director*
Donald A. Colvin	58	Executive Vice President and Chief Financial Officer*
Robert Charles Mahoney	62	Executive Vice President, Sales and Marketing*
William John Nelson, PhD	57	Executive Vice President and Chief Operating Officer*
George H. Cave	54	Senior Vice President, General Counsel, Chief Compliance and Ethics Officer and Corporate Secretary*
William M. Hall	56	Senior Vice President and General Manager, Standard Products Group*
Bob Klosterboer	51	Senior Vice President and General Manager, Automotive, Industrial, Medical and Mil-Aero Products Group*
William A. Schromm	53	Senior Vice President and General Manager, Computing and Consumer Products Group*
Teruo Tabata	62	Vice President of SCI LLC and President of SANYO Semiconductor

* 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 has served on the board of directors of the Semiconductor Industry Association since 2008.

Donald A. Colvin. Mr. Colvin joined ON Semiconductor and SCI LLC as the Senior Financial Director in March 2003 and currently serves as the Executive Vice President and Chief Financial Officer. From April 2003 to May 2010, Mr. Colvin served as the Treasurer for ON Semiconductor and SCI LLC. Before joining the Company, beginning in 1998, he served as Vice President of Finance and Chief Financial Officer at Atmel Corporation, a manufacturer of advanced semiconductors. Mr. Colvin served as Chief Financial Officer of a subsidiary of Atmel from 1995 to 1998. From 1985 to 1995, he held various positions with European Silicon Structures, most recently as Chief Financial Officer. He held various financial positions with Motorola Semiconductors Europe from 1977 to 1985. Mr. Colvin holds a B.A. in Economics and an M.B.A. from the University of Strathclyde, Scotland. From May 2007 to July 2011, Mr. Colvin served as a member of the board of directors of Applied Micro Circuits Corporation.

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.

William John Nelson, Ph.D. Dr. Nelson joined the Company in May 2007 and serves as Executive Vice President and Chief Operating Officer of ON Semiconductor and SCI LLC. From May 2009 to May 2011, Dr. Nelson served as the Chief Environmental Officer for ON Semiconductor and SCI LLC. Dr. Nelson has more than 31 years of experience in the semiconductor industry. Prior to joining ON Semiconductor, Dr. Nelson was Chief Executive Officer of 1st Silicon, where he was responsible for day-to-day operations, including worldwide manufacturing, sales, marketing and product development. From 1990 to 2002, Dr. Nelson served in several executive positions with General Instrument/General Semiconductor, including as Chief Operations Officer and President of the company's Asia-Pacific operation. Dr. Nelson's industry experience also includes key positions at General Instrument, Unitrode, Fairchild Semiconductor and Analog Devices. Dr. Nelson earned both a Bachelor of Science degree with honors and a PhD in physics from the University of Ulster, Northern Ireland.

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 25 years of broad legal and business

experience, including working for over 18 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, Automotive, Industrial, Medical and Mil-Aero Products Group of ON Semiconductor and SCI LLC. He has more than two 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.

William A. Schromm. Mr. Schromm has been with the Company since August 1999 and as of May 2006, serves as Senior Vice President and General Manager, Computing and Consumer Products Group for ON Semiconductor and SCI LLC. Mr. Schromm has over 30 years of semiconductor industry experience. During his tenure with the Company, he has held various positions. From December 2005 through May 2006, he served as the Vice President and General Manager of the High Performance Analog Division and also led the Analog Products Group. Beginning in January 2003, he served as Vice President of the Clock and Data Management business and continued in that role with additional product responsibilities when this business became the High Performance Analog Division in August 2004. Prior to that, he served as the Vice President of Tactical Marketing from July 2001 through December 2002, after leading the Company's Standard Logic Division since August 1999.

Teruo Tabata. Mr. Tabata was appointed as Vice President of SCI LLC in February 2012 and has served as President of ON Semiconductor's SANYO Semiconductor Division since its acquisition by ON Semiconductor in January 2011. Mr. Tabata also served as President of SANYO Semiconductor from July 2006 to January 2011, during which time it was a subsidiary of SANYO Electric. Also, from July 2006 to March 2008, he served as Innovation Group Executive of SANYO Electric (SANYO Electric's CTO). From 1974 to July 2006, Mr. Tabata served in various positions for SANYO Electric and its predecessors including most recently as Senior Vice President of SANYO Electric and Semiconductor Company President. During his tenure at SANYO Electric, Mr. Tabata also served as President of SANYO EPSON IMAGING DEVICES CORPORATION, General Manager of SANYO Electric's LSI business unit, the Display Company President of SANYO Electric's Component business unit, General Manager of SANYO Electric's BIP-LSI business unit and Vice President of Niigata SANYO Electric Co., Ltd. Mr. Tabata graduated with a Masters Degree from The University of Tokyo, Faculty of Engineering (the department of electronics).

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 their 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 and estimates, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. Among these factors are our revenues and operating performance, poor economic conditions and markets (including current credit and financial conditions), effects of exchange rate fluctuations, the cyclical nature of the semiconductor industry, changes in demand for our products, changes in inventories at our customers and distributors, technological and product development risks, enforcement and protection of our intellectual property rights and related risks, availability of raw materials, electricity, gas, water and other supply chain uncertainties, and our ability to effectively shift production to other facilities in order to maintain supply continuity for our customers, variable demand and the aggressive pricing environment for semiconductor products, our ability to successfully manufacture in increasing volumes on a cost-effective basis and with acceptable quality for our current products, 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 from restructurings and synergies, significant litigation, risks associated with decisions to expend cash reserves for various uses such as debt prepayment or acquisitions rather than to retain such cash for future needs, risks associated with acquisitions and dispositions (including from integrating and consolidating and timely filing financial information with the Commission for acquired businesses such as SANYO Semiconductor and difficulties encountered in accurately predicting the future financial performance of acquired businesses, such as SANYO Semiconductor), risks associated with our substantial leverage and restrictive covenants in our debt agreements from time to time, risks associated with our worldwide operations including foreign employment and labor matters associated with unions and collective bargaining arrangements as well as man-made and/or natural disasters such as the flooding in Thailand or the Japan earthquake and tsunami affecting our operations and finances/financials, the threat or occurrence of international armed conflict and terrorist activities both in the United States and internationally, risks and costs associated with increased and new regulation of corporate governance and disclosure standards (including pursuant to Section 404 of the Sarbanes-Oxley Act of 2002), risks related to new legal requirements and risks