Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 27, 2014

Or

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

For the transition period from _____ to _____

(Commission File Number) 000-30419

ON SEMICONDUCTOR CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**36-3840979**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

5005 E. McDowell Road
Phoenix, AZ 85008
(602) 244-6600
(Address, zip code and telephone number, including area code, of principal executive offices)

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

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

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

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

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

The number of shares outstanding of the issuer’s class of common stock as of the close of business on July 25, 2014:

Title of Each Class	**Number of Shares**
Common Stock, par value $0.01 per share	441,127,284

Table of Contents

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
FORM 10-Q

TABLE OF CONTENTS

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

Table of Contents

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
FORM 10-Q

GLOSSARY OF SELECTED ABBREVIATED TERMS*

Abbreviated Term	Defined Term
2.625% Notes, Series B	2.625% Convertible Senior Subordinated Notes due 2026, Series B
Amended and Restated SIP	ON Semiconductor Corporation Amended and Restated Stock Incentive Plan
AMIS	AMIS Holdings, Inc.
ASU	Accounting Standards Update
ASC	Accounting Standards Codification
ASIC	Application Specific Integrated Circuit
Catalyst	Catalyst Semiconductor, Inc.
CMD	California Micro Devices Corporation
DSP	Digital signal processing
ESPP	ON Semiconductor Corporation 2000 Employee Stock Purchase Plan
FASB	Financial Accounting Standards Board
Freescale	Freescale Semiconductor, Inc.
IP	Intellectual property
IPRD	In-Process Research and Development
KSS	System Solutions Group back-end manufacturing facility in Hanyu, Japan
LED	Light-emitting diode
LSI	Large Scale Integration
Motorola	Motorola Inc.
PulseCore	PulseCore Holdings (Cayman) Inc.
SANYO Semiconductor	SANYO Semiconductor Co., Ltd.
SCI LLC	Semiconductor Components Industries, LLC
SDT	Sound Design Technologies Ltd.
SMBC	Sumitomo Mitsui Banking Corporation
TMOS	T-metal oxide semiconductor
WSTS	World Semiconductor Trade Statistics

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

PART I: FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

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

	June 27, 2014	December 31, 2013
Assets		
Cash and cash equivalents	$ 598.9	$ 509.5
Short-term investments	2.3	116.2
Receivables, net	437.3	383.4
Inventories	632.6	611.8
Other current assets	90.5	89.3
Total current assets	1,761.6	1,710.2
Property, plant and equipment, net	1,141.7	1,074.2
Goodwill	211.6	184.6
Intangible assets, net	245.5	223.4
Other assets	58.0	64.6
Total assets	$3,418.4	$ 3,257.0
Liabilities, Non-Controlling Interest and Stockholders' Equity		
Accounts payable	$ 305.4	$ 276.8
Accrued expenses	231.9	220.3
Deferred income on sales to distributors	162.6	140.5
Current portion of long-term debt (see Note 7)	169.4	181.6
Total current liabilities	869.3	819.2
Long-term debt (see Note 7)	735.5	760.6
Other long-term liabilities	174.1	190.4
Total liabilities	1,778.9	1,770.2
Commitments and contingencies (See Note 10)		
ON Semiconductor Corporation stockholders' equity:		
Common stock ($0.01 par value, 750,000,000 shares authorized, 520,663,680 and 515,888,942 shares issued, 441,195,380 and 440,250,288 shares outstanding, respectively)	5.2	5.2
Additional paid-in capital	3,250.6	3,210.8
Accumulated other comprehensive loss	(45.3)	(47.4)
Accumulated deficit	(995.7)	(1,142.1)
Less: treasury stock, at cost: 79,468,300 and 75,638,654 shares, respectively	(608.1)	(572.5)
Total ON Semiconductor Corporation stockholders' equity	1,606.7	1,454.0
Non-controlling interest in consolidated subsidiary	32.8	32.8
Total stockholders' equity	1,639.5	1,486.8
Total liabilities and equity	$3,418.4	$ 3,257.0

See accompanying notes to consolidated financial statements

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

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenues	$757.6	$688.3	$1,464.1	$1,349.3
Cost of revenues	484.6	456.5	940.3	913.0
Gross profit	273.0	231.8	523.8	436.3
Operating expenses:				
Research and development	84.2	83.1	162.3	171.5
Selling and marketing	47.9	43.3	92.3	83.1
General and administrative	44.7	40.2	85.7	76.4
Amortization of acquisition-related intangible assets	10.4	8.2	18.6	16.6
Restructuring, asset impairments and other, net	4.1	6.1	9.9	0.1
Total operating expenses	191.3	180.9	368.8	347.7
Operating income	81.7	50.9	155.0	88.6
Other income (expense), net:				
Interest expense	(7.9)	(9.3)	(16.0)	(19.4)
Interest income	0.2	0.4	0.4	0.7
Other	(1.2)	4.1	(1.8)	5.0
Loss on debt exchange	—	—	—	(3.1)
Other income (expense), net	(8.9)	(4.8)	(17.4)	(16.8)
Income before income taxes	72.8	46.1	137.6	71.8
Income tax benefit	16.2	2.6	10.0	0.2
Net income	89.0	48.7	147.6	72.0
Less: Net income attributable to non-controlling interest	(1.0)	(1.0)	(1.2)	(1.7)
Net income attributable to ON Semiconductor Corporation	$ 88.0	$ 47.7	$ 146.4	$ 70.3
Comprehensive income (loss), net of tax:				
Net income	$ 89.0	$ 48.7	$ 147.6	$ 72.0
Foreign currency translation adjustments	(0.2)	2.5	(0.6)	(5.8)
Effects of cash flow hedges	1.3	(3.4)	2.7	(4.3)
Unrealized loss on available-for-sale securities	—	0.2	—	0.1
Other comprehensive income (loss)	1.1	(0.7)	2.1	(10.0)
Comprehensive income	90.1	48.0	149.7	62.0
Comprehensive income attributable to non-controlling interest	(1.0)	(1.0)	(1.2)	(1.7)
Comprehensive income attributable to ON Semiconductor Corporation	$ 89.1	$ 47.0	$ 148.5	$ 60.3
Net income per common share attributable to ON Semiconductor Corporation:				
Basic	$ 0.20	$ 0.11	$ 0.33	$ 0.16
Diluted	$ 0.20	$ 0.11	$ 0.33	$ 0.16
Weighted average common shares outstanding:				
Basic	441.1	450.7	440.7	450.1
Diluted	444.5	453.3	444.5	452.9

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(in millions)
(unaudited)

	Six Months Ended	
	June 27, 2014	June 28, 2013
Cash flows from operating activities:		
Net income	$147.6	$ 72.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	110.3	103.6
Gain on sale or disposal of fixed assets	(0.3)	(7.1)
Loss on debt exchange	—	3.1
Amortization of debt issuance costs	0.7	0.6
Provision for excess inventories	11.5	39.9
Non-cash share-based compensation expense	21.9	16.4
Non-cash interest	3.3	5.8
Non-cash asset impairment charges	1.8	—
Non-cash foreign currency translation gain	—	(21.0)
Reversal of deferred tax asset valuation allowance	(21.5)	—
Other	2.7	(5.9)
Changes in assets and liabilities (exclusive of the impact of acquisitions):		
Receivables	(44.0)	(56.5)
Inventories	(13.4)	(33.3)
Other assets	—	32.1
Accounts payable	(0.2)	2.9
Accrued expenses	4.1	(13.8)
Deferred income on sales to distributors	22.1	18.4
Other long-term liabilities	(20.1)	(16.8)
Net cash provided by operating activities	226.5	140.4
Cash flows from investing activities:		
Purchases of property, plant and equipment	(96.5)	(84.7)
Proceeds from sales of property, plant and equipment	0.2	8.4
Deposits utilized (made) for purchases of property, plant and equipment	1.3	(1.5)
Purchase of businesses, net of cash acquired	(90.9)	—
Proceeds from held-to-maturity securities	116.2	124.2
Purchases of held-to-maturity securities	(2.3)	(162.3)
Net cash used in investing activities	(72.0)	(115.9)
Cash flows from financing activities:		
Proceeds from issuance of common stock under the employee stock purchase plan	2.5	2.1
Proceeds from exercise of stock options	15.4	6.6
Payments of tax withholding for restricted shares	(5.4)	(2.2)
Repurchase of common stock	(30.8)	(9.4)
Proceeds from debt issuance	15.0	26.2
Payment of capital lease obligations	(21.0)	(21.8)
Repayment of long-term debt	(40.7)	(107.6)
Dividend to non-controlling shareholder of consolidated subsidiary	(1.2)	—
Net cash used in financing activities	(66.2)	(106.1)
Effect of exchange rate changes on cash and cash equivalents	1.1	(9.2)
Net increase (decrease) in cash and cash equivalents	89.4	(90.8)
Cash and cash equivalents, beginning of period	509.5	486.9
Cash and cash equivalents, end of period	$598.9	$ 396.1

See accompanying notes to consolidated financial statements

ON SEMICONDUCTOR CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

Note 1: Background and Basis of Presentation

ON Semiconductor Corporation, together with its wholly-owned and majority-owned subsidiaries ("ON Semiconductor" or the "Company"), uses a thirteen-week fiscal quarter accounting period for each quarter, with the first three quarters ending on the last Friday in March, June and September, and the fourth quarter ending on December 31. The three months ended June 27, 2014 and June 28, 2013 each contained 91 days. The six months ended June 27, 2014 and June 28, 2013 contained 178 days and 179 days, respectively.

The accompanying unaudited financial statements as of June 27, 2014 have been prepared in accordance with generally accepted accounting principles in the United States of America for unaudited interim financial information. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles in the United States of America for audited financial statements. Additionally, the balance sheet as of December 31, 2013 was derived from audited financial statements, but also does not include all disclosures required by accounting principles generally accepted in the United States of America for audited financial statements. In the opinion of the Company's management, the interim information includes all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement of the results for the interim periods. The footnote disclosures related to the interim financial information included herein are also unaudited. Such financial information should be read in conjunction with the consolidated financial statements and related notes thereto for the year ended December 31, 2013 included in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ("2013 Form 10-K"). The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the full year. The Company condensed certain prior year amounts in our consolidated financial statements to conform to the current year presentation.

The preparation of financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Significant estimates have been used by management in conjunction with the following: (i) measurement of valuation allowances relating to trade receivables, inventories and deferred tax assets; (ii) estimates of future payouts for customer incentives, warranties, and restructuring activities; (iii) assumptions surrounding future pension obligations; (iv) fair values of stock options and of financial instruments (including derivative financial instruments); (v) evaluations of uncertain tax positions; and (vi) future cash flows used to assess and test for impairment of long-lived assets and, if applicable, goodwill. Actual results could differ from these estimates.

Note 2: Recent Accounting Pronouncements

ASU No. 2014-09 - "Revenue from Contracts with Customers (Topic 606)" ("ASU 2014-09")

In May 2014, the FASB issued ASU 2014-09, which applies to any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of non-financial assets, unless those contracts are within the scope of other standards, superceding the revenue recognition requirements in Topic 605. Pursuant to ASU 2014-09, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange, as applied through a multi-step process to achieve that core principle. The related amendments are effective for reporting periods beginning after December 15, 2016 and early adoption is not permitted. The Company is currently evaluating the impact that the adoption of ASU 2014-09 may have on the Company's Consolidated Financial Statements.

Note 3: Acquisitions

The Company pursues strategic acquisitions from time to time to leverage its existing capabilities and further build its business. Such acquisitions are accounted for as business combinations pursuant to ASC 805 "*Business Combinations.*" Accordingly, acquisition costs are not included as components of consideration transferred, but are accounted for as expenses in the period in which the costs are incurred. During the quarter and six months ended June 27, 2014, the Company incurred acquisition related costs of approximately $3.7 million and $4.0 million, respectively.

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

Acquisition of Truesense Imaging, Inc. ("Truesense")

On April 30, 2014, the Company acquired 100% of Truesense for approximately $95.1 million in cash, subject to customary closing adjustments. During the second quarter of 2014, Truesense was incorporated into the Company's Application Products Group. The acquisition of Truesense strengthens the Company's product portfolio targeting industrial end-markets such as machine vision, surveillance, and intelligent transportation systems by complementing the Company's existing high-speed, high-resolution, power-efficient image sensing solutions with Truesense's high-performance image sensors for low-light, low-noise.

The following table presents the initial allocation of the purchase price of Truesense to the assets acquired and liabilities assumed on April 30, 2014 based on their fair values (in millions):

	Allocation
Cash and cash equivalents	$ 4.2
Receivables, net	8.8
Inventories	18.8
Other current assets	2.6
Property, plant and equipment	25.6
Goodwill	27.0
Intangible assets	33.1
In-process research and development	7.5
Total assets acquired	127.6
Accounts payable	3.8
Other current liabilities	5.6
Other non-current liabilities	23.1
Total liabilities assumed	32.5
Net assets acquired	$ 95.1

Acquired intangible assets include $7.5 million of IPRD assets, which are to be amortized over the useful life upon successful completion of the projects. The value assigned to IPRD was determined by considering the importance of products under development to the overall development plan, estimating costs to develop the purchased IPRD into commercially viable products, estimating the resulting net cash flows from the projects when completed and discounting the net cash flows to their present value. A discount rate of 21% was used in the present value calculations, and was derived from a weighted-average cost of capital analysis, adjusted to reflect the risks inherent in the acquired research and development operations.

Other acquired intangible assets of $33.1 million include: customer relationships of $20.4 million (five year weighted-average useful life) and developed technology of $12.7 million (twelve year weighted-average useful life).

Goodwill of $27.0 million was assigned to the Application Products Group. Among the factors that contributed to goodwill arising from the acquisition were the potential synergies expected to be derived from combining Truesense with the Company's existing image sensor business. These synergies provide the capability of providing a broad range of high-performance image sensors to the industrial end-market. Goodwill will not be amortized but instead tested for impairment at least annually (more frequently if certain indicators are present). The $27.0 million of goodwill as of June 27, 2014 is not expected to be deductible for tax purposes.

The initial purchase price allocation is subject to change as the Company finalizes its determination relating to the valuation of net assets acquired from Truesense. Accordingly, future adjustments may impact the initial amount of goodwill represented in the table above.

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

The following unaudited pro-forma consolidated results of operations for the quarters and six months ended June 27, 2014 and June 28, 2013 have been prepared as if the acquisition of Truesense had occurred on January 1, 2013 and includes adjustments for depreciation expense, amortization of intangibles, interest expense and the effect of taxes (in millions, except per share data):

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Revenues	$ 765.3	$ 708.2	$ 1,490.4	$ 1,385.1
Gross profit	$ 276.2	$ 240.6	$ 534.1	$ 452.1
Net income attributable to ON Semiconductor Corporation	$ 88.5	$ 49.2	$ 147.3	$ 71.1
Net income per common share attributable to ON Semiconductor Corporation:				
Basic	$ 0.20	$ 0.11	$ 0.33	$ 0.16
Diluted	$ 0.20	$ 0.11	$ 0.33	$ 0.16

Acquisition of Aptina, Inc. ("Aptina")

On June 9, 2014, the Company entered into an agreement and plan of merger (the "Merger Agreement") with Aptina, pursuant to which, at the effective time of the merger, Aptina would become an indirect wholly-owned subsidiary of ON Semiconductor, for an estimated purchase price of approximately $400.0 million in cash, subject to customary closing adjustments as set forth in the Merger Agreement. The transaction remains subject to the satisfaction or waiver of various closing conditions and is subject to certain regulatory approvals.

Note 4: Goodwill and Intangible Assets

Goodwill

The following table summarizes goodwill by relevant operating segment as of June 27, 2014 and December 31, 2013 (in millions):

	Balance as of June 27, 2014			Balance as of December 31, 2013		
	Goodwill	Accumulated Impairment Losses	Carrying Value	Goodwill	Accumulated Impairment Losses	Carrying Value
Operating Segment:						
Application Products Group	$ 574.4	$ (410.2)	$ 164.2	$ 547.4	$ (410.2)	$ 137.2
Standard Products Group	76.0	(28.6)	47.4	76.0	(28.6)	47.4
	$ 650.4	$ (438.8)	$ 211.6	$ 623.4	$ (438.8)	$ 184.6

Goodwill is tested for impairment annually on the first day of the fourth quarter unless a triggering event would require an interim analysis. Adverse changes in operating results and/or unfavorable changes in economic factors used to estimate fair values could result in a non-cash impairment charge in the future. While management did not identify any triggering events through June 27, 2014 that would require an interim impairment analysis, the Company's current projections include assumptions of current industry and market conditions, which could negatively change, and in turn, may adversely impact the fair value of the Company's goodwill, intangible assets and other long-lived assets. As a result, the carrying value of the reporting units containing the Company's goodwill may exceed their fair value in future impairment tests.

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

Intangible Assets

Intangible assets, net, were as follows as of June 27, 2014 and December 31, 2013 (in millions):

	June 27, 2014					
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Accumulated Impairment	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (9.7)	$ —	$ (0.4)	$ 3.8	5-12
Customer relationships	300.7	(114.0)	(27.3)	(23.0)	136.4	5-18
Patents	43.7	(20.1)	—	(13.7)	9.9	12
Developed technology	158.9	(75.0)	—	(2.4)	81.5	5-13
Trademarks	14.0	(6.5)	—	(1.1)	6.4	15
In-process research and development	7.5	—	—	—	7.5	
Total intangibles	$ 538.7	$ (225.3)	$ (27.3)	$ (40.6)	$ 245.5	

	December 31, 2013					
	Original Cost	Accumulated Amortization	Foreign Currency Translation Adjustment	Accumulated Impairment Losses	Carrying Value	Useful Life (in Years)
Intellectual property	$ 13.9	$ (9.4)	$ —	$ (0.4)	$ 4.1	5-12
Customer relationships	280.3	(105.5)	(27.4)	(23.0)	124.4	5-18
Patents	43.7	(19.0)	—	(13.7)	11.0	12
Developed technology	146.2	(66.7)	—	(2.4)	77.1	5-12
Trademarks	14.0	(6.1)	—	(1.1)	6.8	15
Total intangibles	$ 498.1	$ (206.7)	$ (27.4)	$ (40.6)	$ 223.4	

Amortization expense for acquisition-related intangible assets amounted to $10.4 million and $18.6 million for the quarter and six months ended June 27, 2014, respectively, and $8.2 million and $16.6 million for the quarter and six months ended June 28, 2013, respectively. Amortization expense for intangible assets, with the exception of the $7.5 million of IPRD assets that will be amortized once the corresponding projects have been completed, is expected to be as follows over the next five years and thereafter (in millions):

Period	Estimated Amortization Expense
Remainder of 2014	$ 24.0
2015	44.3
2016	34.6
2017	30.3
2018	25.8
Thereafter	79.0
Total estimated amortization expense	$ 238.0

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

Note 5: Restructuring, Asset Impairments and Other, Net

A summary description of the activity included in the "Restructuring, Asset Impairments and Other, Net" caption on the Company's Consolidated Statements of Operations and Comprehensive Income for the quarter and six months ended June 27, 2014 is as follows (in millions):

	Restructuring	Impairment	Other	Total
Quarter ended June 27, 2014				
System Solutions Group Voluntary Retirement Program	$ 2.3	$ —	$(1.7)	$0.6
KSS facility closure	3.1	—	(1.4)	1.7
Other	0.5	1.3	—	1.8
Total	$ 5.9	$ 1.3	$(3.1)	$4.1
Six months ended June 27, 2014				
System Solutions Group Voluntary Retirement Program	$ 7.3	$ —	$(4.5)	$2.8
KSS facility closure	6.7	—	(1.4)	5.3
Other	0.5	1.3	—	1.8
Total	$ 14.5	$ 1.3	$(5.9)	$9.9

The following is a rollforward of the accrued restructuring charges from December 31, 2013 to June 27, 2014 (in millions):

	Balance as of December 31, 2013	Charges	Usage	Balance as of June 27, 2014
Estimated employee separation charges	$ 25.2	$ 13.6	$(21.2)	$ 17.6
Estimated costs to exit	1.0	0.9	(1.0)	0.9
Total	$ 26.2	$ 14.5	$(22.2)	$ 18.5

Activity related to the Company's Restructuring, asset impairments and other, net for programs that had not been completed as of June 27, 2014, is as follows:

System Solutions Group Voluntary Retirement Program

During the fourth quarter of 2013, the Company initiated a voluntary retirement program for employees of certain of its System Solutions Group subsidiaries in Japan (the "Q4 2013 Voluntary Retirement Program"). Approximately 350 employees opted to retire under the Q4 2013 Voluntary Retirement Program of which approximately 340 employees had retired by June 27, 2014. The remaining employees who accepted retirement packages are expected to retire by the end of 2014. For the six months ended June 27, 2014, the Company recognized approximately $7.3 million of employee separation charges related to the Q4 2013 Voluntary Retirement Program. The Company expects to incur an additional $0.2 million in employee separation charges related to this program through the end of 2014.

As part of the Q4 2013 Voluntary Retirement Program, approximately 70 contractor positions were also identified for elimination, of which all had exited by June 27, 2014. During the six months ended June 27, 2014, an additional 40 positions were identified for elimination, as an extension of this program, consisting of 20 employees and 20 contractors, substantially all of which had exited by June 27, 2014.

As a result of the Q4 2013 Voluntary Retirement Program, the Company recognized a pension curtailment benefit associated with the affected employees of $1.7 million and $4.5 million during the quarter and six months ended June 27, 2014, respectively, which is recorded in Restructuring, asset impairments and other, net. As of June 27, 2014, the accrued liability for the Q4 2013 Voluntary Retirement Program associated with employee separation charges was $4.3 million. See Note 6: "Balance Sheet Information" for additional information.

During the quarter ended June 27, 2014, the Company initiated further voluntary retirement activities, applicable to an additional 60 to 70 positions, for certain of its System Solutions Group subsidiaries in Japan, consisting of employees and contractors which are expected to be eliminated during the third quarter of 2014.

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

KSS Facility Closure

On October 6, 2013, the Company announced a plan to close KSS (the "KSS Plan"). Pursuant to the KSS Plan, a majority of the production from KSS was transferred to other of the Company's manufacturing facilities. The KSS Plan includes the elimination of approximately 170 full time and 40 contract employees. During the quarter ended June 27, 2014, the Company recorded approximately $3.0 million of employee separation charges and $0.1 million of exit costs related to the KSS Plan. The Company expects to record additional KSS Plan severance costs and related employee benefit plan expenses of approximately $1.8 million along with other exit costs of approximately $3.0 million to $4.0 million, offset by a pension curtailment gain of approximately $0.6 million through the end of 2014.

As a result of the KSS facility closure, the Company recognized a $1.4 million pension curtailment benefit associated with the affected employees during the quarter and six months ended June 27, 2014, which is recorded in Restructuring, asset impairments and other, net. See Note 6: "Balance Sheet Information" for additional information.

As of June 27, 2014, the accrued liability associated with employee separation charges was $12.7 million for the KSS Plan.

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

Note 6: Balance Sheet Information

Certain significant amounts included in the Company's balance sheet as of June 27, 2014 and December 31, 2013 consist of the following (dollars in millions):

	June 27, 2014	December 31, 2013
Receivables, net:		
Accounts receivable	$ 438.4	$ 384.4
Less: Allowance for doubtful accounts	(1.1)	(1.0)
	$ 437.3	$ 383.4
Inventories:		
Raw materials	$ 96.4	$ 89.2
Work in process	337.4	319.6
Finished goods	198.8	203.0
	$ 632.6	$ 611.8
Other current assets:		
Prepaid expenses	$ 25.8	$ 24.8
Value added and other income tax receivables	29.7	31.7
Other	35.0	32.8
	$ 90.5	$ 89.3
Property, plant and equipment, net (1):		
Land	$ 53.2	$ 52.3
Buildings	493.0	467.7
Machinery and equipment	2,025.7	1,918.4
Total property, plant and equipment	2,571.9	2,438.4
Less: Accumulated depreciation	(1,430.2)	(1,364.2)
	$ 1,141.7	$ 1,074.2
Accrued expenses:		
Accrued payroll	$ 107.4	$ 91.3
Sales related reserves	55.9	54.2
Restructuring reserves	18.5	26.2
Accrued pension liability	8.6	10.4
Accrued interest	2.7	1.9
Other	38.8	36.3
	$ 231.9	$ 220.3

(1) Included in property, plant, and equipment are approximately $9.1 million of fixed assets which are held-for-sale as of June 27, 2014.

Warranty Reserves

The activity related to the Company's warranty reserves for the six months ended June 27, 2014 and June 28, 2013, respectively, is as follows (in millions):

	Six Months Ended	
	June 27, 2014	June 28, 2013
Beginning Balance	$ 6.0	$ 10.2
Provision	1.1	2.0
Usage	(1.3)	(5.1)
Ending Balance	$ 5.8	$ 7.1

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

Defined Benefit Plans

The Company maintains defined benefit plans for certain of its foreign subsidiaries. The Company recognizes the aggregate amount of all overfunded plans as assets and the aggregate amount of all underfunded plans as liabilities in its financial statements. As of June 27, 2014, the total accrued pension liability for underfunded plans was $110.1 million, of which the current portion of $8.6 million was classified as accrued expenses. As of December 31, 2013, the total accrued pension liability for underfunded plans was $128.9 million, of which the current portion of $10.4 million was classified as accrued expenses.

The Company recorded a pension curtailment gain of $3.1 million and $5.9 million included in Restructuring, asset impairments and other, net for the quarter and six months ended June 27, 2014, respectively, related to the Q4 2013 Voluntary Retirement Program and KSS facility closure. See Note 5: “Restructuring, Asset Impairments and Other, Net” for additional information.

The components of the Company’s net periodic pension expense for the quarters ended June 27, 2014 and June 28, 2013 are as follows (in millions):

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Service cost	$ 2.4	$ 2.9	$ 4.9	$ 6.6
Interest cost	1.5	1.6	3.0	3.6
Expected return on plan assets	(0.9)	(1.1)	(1.8)	(2.2)
Curtailment gain	(3.1)	(2.9)	(5.9)	(11.9)
Actuarial loss	—	—	—	13.6
Total net periodic pension cost	$ (0.1)	$ 0.5	$ 0.2	$ 9.7

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

Note 7: Long-Term Debt

The Company's long-term debt consists of the following (dollars in millions):

	June 27, 2014	December 31, 2013
Senior Revolving Credit Facility due 2018, interest payable quarterly at 1.75% and 2.00% respectively	$ 120.0	$ 120.0
Loan with Japanese bank due 2014 through 2018, interest payable quarterly at 1.98% and 2.00%, respectively (1)	254.8	273.7
2.625% Notes, Series B (net of discount of $18.3 million and $21.7 million, respectively) (2)	338.6	335.2
Loan with Hong Kong bank, interest payable weekly at 1.90% and 1.91%, respectively	25.0	40.0
Loans with Philippine bank due 2014 through 2015, interest payable monthly and quarterly at an average rate of 2.15% and 2.16%, respectively	36.7	39.2
Loan with Chinese bank due 2014, interest payable quarterly at 3.33% and 3.34%, respectively	7.0	7.0
Loan with Singapore bank, interest payable weekly at 1.40% and 1.94%, respectively	30.0	15.0
Loan with British finance company, interest payable monthly at 0.0% and 1.57%, respectively	—	0.2
U.S. real estate mortgages payable monthly through 2016 at an average rate of 4.86%	27.2	28.1
U.S. equipment financing payable monthly through 2016 at 2.94%	7.1	9.5
Canada equipment financing payable monthly through 2017 at 3.81%	5.1	5.9
Canada revolving line of credit, interest payable quarterly at 1.83% and 1.84%, respectively	15.0	15.0
Capital lease obligations	38.4	53.4
Long-term debt, including current maturities	904.9	942.2
Less: Current maturities	(169.4)	(181.6)
Long-term debt	$ 735.5	$ 760.6

(1) This loan represents SCI LLC's unsecured loan with SMBC, which is guaranteed by the Company.
(2) Interest is payable on June 15 and December 15 of each year at 2.625% annually. The 2.625% Notes, Series B may be put back to the Company at the option of the holders of the notes on December 15 of 2016 and 2021 or called at the option of the Company on or after December 20, 2016.

Expected maturities relating to the Company's long-term debt as of June 27, 2014 are as follows (in millions):

Period	Expected Maturities
Remainder of 2014	$ 81.5
2015	130.9
2016	426.8
2017	39.6
2018	243.5
Thereafter	0.9
Total	$ 923.2

For purposes of the table above, the 2.625% Notes, Series B are assumed to mature at the earliest put date.

For additional information with respect to the Company's long-term debt, see Note 8: "Long-Term Debt" of the notes to the Company's audited Consolidated Financial Statements included in Part IV, Item 15 of the 2013 Form 10-K.

Debt Guarantees

ON Semiconductor was the sole issuer of the 2.625% Notes, Series B. See Note 16: "Guarantor and Non-Guarantor Statements" for the condensed consolidated financial information for the issuer of the 2.625% Notes, Series B, the guarantor subsidiaries and the non-guarantor subsidiaries.

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

Note 8: Earnings Per Share and Equity

Earnings Per Share

Calculations of net income per common share attributable to ON Semiconductor are as follows (in millions, except per share data):

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Net income attributable to ON Semiconductor Corporation	$ 88.0	$ 47.7	$ 146.4	$ 70.3
Basic weighted average common shares outstanding	441.1	450.7	440.7	450.1
Add: Incremental shares for:				
Dilutive effect of share-based awards	3.4	2.6	3.8	2.8
Diluted weighted average common shares outstanding	444.5	453.3	444.5	452.9
Net income per common share attributable to ON Semiconductor Corporation:				
Basic	$ 0.20	$ 0.11	$ 0.33	$ 0.16
Diluted	$ 0.20	$ 0.11	$ 0.33	$ 0.16

Basic net income per common share is computed by dividing net income attributable to ON Semiconductor Corporation by the weighted average number of common shares outstanding during the period.

The number of incremental shares from the assumed exercise of stock options and assumed issuance of shares relating to restricted stock units is calculated by applying the treasury stock method. Share-based awards whose impact is considered to be anti-dilutive under the treasury stock method were excluded from the diluted net income per share calculation. The excluded number of anti-dilutive share-based awards was approximately 7.1 million and 13.2 million for the quarters ended June 27, 2014 and June 28, 2013, respectively, and 7.4 million and 12.9 million for the six months ended June 27, 2014 and June 28, 2013, respectively.

The dilutive impact related to the Company’s 2.625% Notes, Series B is determined in accordance with the net share settlement requirements prescribed by ASC Topic 260, *Earnings Per Share*. Under the net share settlement calculation, the Company’s convertible notes are assumed to be convertible into cash up to the par value, with the excess of par value being convertible into common stock. A dilutive effect occurs when the stock price exceeds the conversion price for each of the convertible notes. In periods when the share price is lower than the conversion price, the impact is anti-dilutive and therefore has no impact on the Company’s earnings per share calculations.

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

Equity

Share Repurchase Program

Information relating to the Company's share repurchase program is as follows (in millions, except per share data):

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Number of repurchased shares (1)	1.1	1.5	3.3	1.5
Beginning accrued share repurchases (2)	1.3	—	0.6	—
Aggregate purchase price	$ 10.1	$ 12.1	$ 30.2	$ 12.1
Less: ending accrued share repurchases (3)	$ —	$ (2.7)	$ —	$ (2.7)
Total cash used for share repurchases	$ 11.4	$ 9.4	$ 30.8	$ 9.4
Weighted-average purchase price per share (4)	$ 9.57	$ 7.87	$ 9.27	$ 7.87
Available for future purchases at period end	$113.2	$232.6	$113.2	$232.6

(1) None of these shares had been reissued or retired as of June 27, 2014, but may be reissued or retired by the Company at a later date.
(2) Represents unpaid amounts recorded in accrued expenses on the Company's Consolidated Balance Sheet as of the beginning of the period.
(3) Represents unpaid amounts recorded in accrued expenses on the Company's Consolidated Balance Sheet as of the end of the period.
(4) Exclusive of fees, commissions and other expenses.

Shares for Restricted Stock Units Tax Withholding

Treasury stock is recorded at cost and is presented as a reduction of stockholders' equity in the accompanying consolidated financial statements. Shares with a fair market value equal to the applicable statutory minimum amount of the employee withholding taxes due are withheld by the Company upon the vesting of restricted stock units to pay the applicable statutory minimum amount of employee withholding taxes and are considered common stock repurchases. The Company then pays the applicable statutory minimum amount of withholding taxes in cash. The amount remitted for the quarter and six months ended June 27, 2014 was $0.9 million and $5.4 million, respectively, for which the Company withheld approximately 0.1 million and 0.6 million shares of common stock, respectively, that were underlying the restricted stock units that vested. None of these shares had been reissued or retired as of June 27, 2014; however, these shares may be reissued or retired by the Company at a later date.

Non-Controlling Interest

The Company's entity which operates assembly and test operations in Leshan, China is owned by a joint venture company, Leshan-Phoenix Semiconductor Company Limited ("Leshan"). The Company owns a majority of the outstanding equity interests in Leshan and its investment in Leshan has been consolidated in the Company's financial statements.

At December 31, 2013, the non-controlling interest balance was $32.8 million. This balance was unchanged at $32.8 million as of June 27, 2014 due to the non-controlling interest's $1.2 million share of the earnings for the six months ended June 27, 2014, offset by a $1.2 million dividend paid to the non-controlling shareholder.

At December 31, 2012, the non-controlling interest balance was $29.6 million. This balance increased to $31.3 million at June 28, 2013 due to the non-controlling interest's $1.7 million share of the earnings for the six months ended June 28, 2013.

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

Note 9: Share-Based Compensation

Total share-based compensation expense related to the Company's employee stock options, restricted stock units and ESPP for the quarters ended June 27, 2014 and June 28, 2013 was comprised as follows (in millions):

	Quarter Ended		Six Months Ended	
	June 27, 2014	June 28, 2013	June 27, 2014	June 28, 2013
Cost of revenues	$ 1.7	$ 1.4	$ 3.1	$ 2.5
Research and development	2.2	1.7	4.0	3.1
Selling and marketing	2.2	1.6	3.7	2.7
General and administrative	7.3	5.9	11.1	8.1
Share-based compensation expense before income taxes	$ 13.4	$ 10.6	$ 21.9	$ 16.4
Related income tax benefits (1)	—	—	—	—
Share-based compensation expense, net of taxes	$ 13.4	$ 10.6	$ 21.9	$ 16.4

(1) A majority of the Company's share-based compensation relates to its domestic subsidiaries; therefore, no related deferred income tax benefits are recorded due to historical net operating losses at those subsidiaries.

At June 27, 2014, total estimated unrecognized share-based compensation expense, net of estimated forfeitures, related to non-vested stock options granted prior to that date was $4.1 million. At June 27, 2014, total estimated unrecognized share-based compensation expense, net of estimated forfeitures, related to non-vested restricted stock units with time-based service conditions and performance-based vesting criteria granted prior to that date was $57.6 million. The total intrinsic value of stock options exercised during the quarter and six months ended June 27, 2014 was $3.1 million and $6.4 million, respectively. The Company recorded cash received from the exercise of stock options of $5.8 million and $15.4 million during the quarter and six months ended June 27, 2014. The Company recorded no related income tax benefits during the quarter and six months ended June 27, 2014.

Share-Based Compensation Information

Share-based compensation expense recognized in the Consolidated Statement of Operations and Comprehensive Income is based on awards ultimately expected to vest. Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Pre-vesting forfeitures for stock options were estimated to be approximately 11.0% and 11.0% in the quarters and six months ended June 27, 2014 and June 28, 2013, respectively. Pre-vesting forfeitures for restricted stock units were estimated to be approximately 5.0% and 5.0% in the quarters and six months ended June 27, 2014 and June 28, 2013, respectively.

Shares Available

As of December 31, 2013, there was an aggregate of 37.4 million shares of common stock available for grant under the Company's Amended and Restated SIP and 4.3 million shares available for issuance under the ESPP. As of June 27, 2014, there was an aggregate of 36.7 million shares of common stock available for grant under the Amended and Restated SIP and 3.9 million shares available for issuance under the ESPP.

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

Stock Options

A summary of stock option transactions follows (in millions except per share and term data):

	Six Months Ended June 27, 2014			
	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (In-The-Money)
Outstanding at December 31, 2013	14.0	$ 7.89		
Granted	—	—		
Exercised	(2.4)	6.56		
Canceled	(0.3)	10.19		
Outstanding at July 27, 2014	11.3	$ 8.10	3.2	$ 16.0
Exercisable at July 27, 2014	9.2	$ 8.28	2.8	$ 12.1

Additional information about stock options outstanding at June 27, 2014 with exercise prices less than or above $9.09 per share, the effective closing price of the Company's common stock at June 27, 2014, follows (number of shares in millions):

	Exercisable		Unexercisable		Total	
Exercise Prices	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
Less than $9.09	4.8	$ 6.59	2.0	$ 7.13	6.8	$ 6.75
Above $9.09	4.4	$ 10.16	0.1	$ 9.70	4.5	$ 10.15
Total outstanding	9.2	$ 8.28	2.1	$ 7.25	11.3	$ 8.10

Restricted Stock Units

Restricted stock units vest over one to three years with service-based requirements or performance-based requirements and are payable in shares of the Company's common stock upon vesting. The following table presents a summary of the status of the Company's restricted stock units granted to certain officers and employees of the Company as of June 27, 2014, and changes during the six months ended June 27, 2014 (number of shares in millions):

	Six Months Ended June 27, 2014	
	Number of Shares	Weighted Average Grant Date Fair Value
Non-vested shares underlying restricted stock units at December 31, 2013	10.8	$ 8.52
Granted	3.5	9.32
Released	(1.9)	8.37
Forfeited	(3.1)	10.14
Non-vested shares underlying restricted stock units at June 27, 2014	9.3	$ 8.32

Stock Grant Awards

During the quarter and six months ended June 27, 2014, the Company granted approximately 0.1 million shares of stock pursuant to stock grant awards to certain directors of the Company with immediate vesting and a weighted average grant date fair value of $8.66 per share.

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

Note 10: Commitments and Contingencies

Leases

The following is a schedule by year of future minimum lease obligations under non-cancelable operating leases as of June 27, 2014 (in millions):

Remainder of 2014	$ 17.0
2015	14.5
2016	10.8
2017	8.3
2018	6.3
Thereafter	31.1
Total	$ 88.0

Environmental Contingencies

The Company's headquarters in Phoenix, Arizona is located on property that is a "Superfund" site, which is 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 Freescale have been involved in the clean-up 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 the Company's August 4, 1999 recapitalization (the "Recapitalization"), Motorola retained responsibility for this contamination, and Motorola and Freescale have agreed to indemnify the Company with respect to remediation costs and other costs or liabilities related to this matter.

As part of the Recapitalization, the Company was granted various manufacturing facilities, one of which was located in the Czech Republic. In regards to this site, the Company has ongoing remediation projects to respond to releases of hazardous substances that occurred prior to the Recapitalization during the years that this facility was operated by government-owned entities. In each case, 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 at each of the respective locations. The government of the Czech Republic has agreed to indemnify the Company and the respective subsidiaries, subject to specified limitations, for remediation costs associated with this historical contamination. Based upon the information available, total future remediation costs to the Company are not expected to be material.

The Company's design center in East Greenwich, Rhode Island is located on property that has localized soil contamination. In connection with the purchase of the facility, the Company 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, any costs to the Company in connection with this matter have not been, and are not expected to be, material.

As a result of its acquisition of AMIS, the Company is a "primary responsible party" to an environmental remediation and clean-up at AMIS's former corporate headquarters in Santa Clara, California. Costs incurred by AMIS have included 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 the Company for any obligations relating to environmental remediation and clean-up at this location. Based on the information available, any costs to the Company in connection with this matter have not been, and are not expected to be, material.

The Company's former manufacturing location in Aizu, Japan is located on property where soil and ground water contamination has been detected. The Company believes that the contamination originally occurred during a time when the facility was operated by a prior owner. The Company has worked with local authorities to implement a remediation plan and expects remaining remediation costs to be covered by insurance. Based on information available, any costs to the Company in connection with this matter have not been, and are not expected to be, material.

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

Financing Contingencies

In the normal course of business, the Company provides standby letters of credit or other guarantee instruments to certain parties initiated by either the Company or its subsidiaries, as required for transactions such as, but not limited to, purchase commitments, agreements to mitigate collection risk, leases, utilities or customs guarantees. The Company's senior revolving credit facility includes $40.0 million of availability for the issuance of letters of credit. A $0.2 million letter of credit was outstanding under the senior revolving credit facility as of June 27, 2014. The Company also had outstanding guarantees and letters of credit outside of its senior revolving credit facility totaling $5.2 million as of June 27, 2014.

As part of securing financing in the normal course of business, the Company issued guarantees related to its receivables financing, certain capital lease obligations, equipment financing, lines of credit and real estate mortgages, which totaled approximately $62.9 million as of June 27, 2014. The Company is also a guarantor of SCI LLC's unsecured loan with SMBC, which had a balance of $254.8 million as of June 27, 2014. See Note 7: "Long-Term Debt" for further information on this loan.

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

Indemnification Contingencies

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

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

The Company and its subsidiaries provide for indemnification of directors, officers and other persons in accordance with limited liability agreements, certificates of incorporation, by-laws, articles of association or similar organizational documents, as the case may be. The Company maintains directors' and officers' insurance, which should enable it to recover a portion of any future amounts paid.

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

Legal Matters

The Company is currently involved in a variety of legal matters that arise in the normal course of business. Based on information currently available, management does not believe that the ultimate resolution of these matters will have a material effect on the Company's financial condition, results of operations or cash flows. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, the Company's business, consolidated financial position, results of operations or cash flows could be materially and adversely affected.

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

Note 11: Fair Value Measurements

Fair Value of Financial Instruments

The following table summarizes the Company's financial assets and liabilities measured at fair value on a recurring basis as of June 27, 2014 and December 31, 2013 (in millions):

Description	Balance as of June 27, 2014	Quoted Prices in Active Markets (Level 1)	Balance as of December 31, 2013	Quoted Prices in Active Markets (Level 1)
Assets:				
Cash and cash equivalents:				
Demand and time deposits	$ 442.9	$ 442.9	$ 447.5	$ 447.5
Money market funds	156.0	156.0	62.0	62.0
Liabilities:				
Foreign currency exchange contracts	$ 0.1	$ 0.1	$ 0.1	$ 0.1

Short-term investments have an original maturity to the Company between three months and one year, are classified as held-to-maturity and are carried at amortized cost as the Company has the intent and the ability to hold these securities until maturity. Short-term investments classified as held-to-maturity as of June 27, 2014 and December 31, 2013 were as follows (in millions):

	Balance at June 27, 2014		Balance at December 31, 2013	
	Carried at Amortized Cost	Fair Value	Carried at Amortized Cost	Fair Value
Short-term investments held-to-maturity				
Commercial paper	$ —	$ —	$ 15.5	$ 15.5
Corporate bonds	2.3	2.3	93.7	93.7
Government agencies	—	—	7.0	7.0
	$ 2.3	$ 2.3	$ 116.2	$ 116.2

The Company's financial assets are valued using market prices on active markets (Level 1). The Company's short-term investments balance of $2.3 million as of June 27, 2014 is classified as held-to-maturity and is carried at amortized cost. There was no unrealized gain or loss on these short-term investments as of June 27, 2014.

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

Fair Value of Long-Term Debt, Including Current Portion

The carrying amounts and fair values of the Company's long-term borrowings (excluding capital lease obligations, real estate mortgages and equipment financing) as of June 27, 2014 and December 31, 2013 are as follows (in millions):

	June 27, 2014		December 31, 2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt, including current portion				
2.625% Notes, Series B	$ 338.6	$ 418.0	$ 335.2	$ 392.6
Long-term debt	$ 488.5	$ 490.2	$ 510.2	$ 511.4

The fair value of the Company's 2.625% Notes, Series B was estimated based on market prices in active markets (Level 1). The fair value of other long-term debt was estimated based on discounting the remaining principal and interest payments using current market rates for similar debt (Level 2) as of June 27, 2014 and December 31, 2013.

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

Note 12: Financial Instruments

Foreign Currencies

As a multinational business, the Company's transactions are denominated in a variety of currencies. When appropriate, the Company uses forward foreign currency contracts to reduce its overall exposure to the effects of currency fluctuations on its results of operations and cash flows. The Company's policy prohibits trading in currencies for which there are no underlying exposures, or entering into trades for any currency to intentionally increase the underlying exposure.

The Company primarily hedges existing assets and liabilities associated with transactions currently on its balance sheet.

As of June 27, 2014 and December 31, 2013, the Company had outstanding foreign exchange contracts with notional amounts of $132.5 million and $101.7 million, respectively. Such contracts were obtained through financial institutions and were scheduled to mature within one to three months. Management believes that these financial instruments should not subject the Company to increased risks from foreign exchange movements because gains and losses on these contracts should offset losses and gains on the underlying assets, liabilities and transactions to which they are related. The following schedule shows the Company's net foreign exchange positions in U.S. dollars as of June 27, 2014 and December 31, 2013 (in millions):

	June 27, 2014		December 31, 2013	
	Buy (Sell)	Notional Amount	Buy (Sell)	Notional Amount
Euro	$ (31.7)	$ 31.7	$ (30.5)	$ 30.5
Japanese Yen	(23.3)	23.3	(6.7)	6.7
Malaysian Ringgit	42.6	42.6	35.8	35.8
Philippine Peso	16.9	16.9	11.7	11.7
Other Currencies	12.7	18.0	10.6	17.0
	$ 17.2	$ 132.5	$ 20.9	$ 101.7

The Company is exposed to credit-related losses if counterparties to its foreign exchange contracts fail to perform their obligations. As of June 27, 2014, the counterparties to the Company's foreign exchange contracts are highly rated financial institutions and no credit-related losses are anticipated. Amounts payable or receivable under the contracts are included in other current assets or accrued expenses in the accompanying Consolidated Balance Sheet. For the quarters ended June 27, 2014 and June 28, 2013, realized and unrealized foreign currency transaction loss was $1.1 million and a gain of $4.3 million, respectively. For the six months ended June 27, 2014 and June 28, 2013, realized and unrealized foreign currency transaction loss was $1.8 million and a gain of $4.8 million, respectively.

As of June 27, 2014 and December 31, 2013, the Company had balances for contracts not designated as cash flow hedges of $0.1 million and $0.1 million, respectively, that were classified as other liabilities.

Cash Flow Hedges

The Company is exposed to global market risks associated with fluctuations in interest rates and foreign currency exchange rates. The Company addresses these risks through controlled management that includes the use of derivative financial instruments to economically hedge or reduce these exposures. The Company does not enter into derivative financial instruments for trading or speculative purposes.

The purpose of the Company's foreign currency hedging activities is to protect the Company from the risk that the eventual cash flows resulting from transactions in foreign currencies will be adversely affected by changes in exchange rates. The Company enters into forward contracts that are designated as foreign-currency cash flow hedges of selected forecasted payments denominated in currencies other than U.S. dollars. All the contracts mature within 12 months and upon maturity, the amount recorded in accumulated other comprehensive income is reclassified into earnings. The Company documents all relationships between designated hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking hedge transactions.

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

All derivatives are recognized on the balance sheet at their fair value and classified based on the instrument's maturity date. The total notional amount of outstanding derivatives designated as cash flow hedges as of June 27, 2014 was approximately $42.5 million, which is primarily comprised of cash flow hedges for Malaysian Ringgit/U.S. dollar and Philippine Peso/U.S. dollar currency pairs.

For the quarter and six months ended June 27, 2014, the Company recorded a net loss of $0.1 million and $1.4 million, respectively, associated with cash flow hedges recognized as a component of cost of revenues. As of June 27, 2014, the Company had a zero liability balance for contracts designated as cash flow hedging instruments. As of December 31, 2013, the Company had a $1.8 million liability balance for contracts designated as cash flow hedging instruments that were classified as other liabilities. As of June 27, 2014, the Company had a $0.8 million asset balance for contracts designated as cash flow hedging instruments that were classified as other assets. As of December 31, 2013, the Company had no asset balances for contracts designated as cash flow hedging instruments.

Note 13: Changes in Accumulated Other Comprehensive Loss

Amounts comprising the Company's accumulated other comprehensive loss and reclassifications for the six months ended June 27, 2014 are as follows (net of tax of $0, in millions):

	Foreign Currency Translation Adjustments	Effects of Cash Flow Hedges	Unrealized Gains and Losses on Available-for-Sale Securities	Total
Balance as of December 31, 2013	$ (46.0)	$ (1.8)	$ 0.4	$(47.4)
Other comprehensive income (loss) prior to reclassifications	(0.6)	4.1	—	3.5
Amounts reclassified from accumulated other comprehensive loss	—	(1.4)	—	(1.4)
Net current period other comprehensive gain	(0.6)	2.7	—	2.1
Balance as of June 27, 2014	$ (46.6)	$ 0.9	$ 0.4	$(45.3)

Amounts which were reclassified from accumulated other comprehensive loss to the Company's Consolidated Statements of Operations and Comprehensive Income during the quarter and six months ended June 27, 2014 were as follows (net of tax of $0, in millions):

	Amounts Reclassified from Accumulated Other Comprehensive Loss		
	Quarter Ended June 27, 2014	Six Months Ended June 27, 2014	Affected Line Item Where Net Income is Presented
Effects of cash flow hedges	$ (0.1)	$ (1.4)	Cost of revenues

Included in accumulated other comprehensive loss as of June 27, 2014 is approximately $9.4 million of foreign currency translation losses related to the Company's subsidiary that owns the KSS facility, which utilizes the Japanese Yen as its functional currency. In connection with the previously announced restructuring plan, the Company intends to liquidate and wind-down the legal entity. Upon the substantial liquidation of the KSS entity, the Company will evaluate the need to release any amount remaining in accumulated other comprehensive income to its results of operations, as required by the appropriate accounting standards.

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

Note 14: Supplemental Disclosures

Supplemental Disclosure of Cash Flow Information

The Company's non-cash financing activities and cash payments for interest and income taxes are as follows (in millions):

	For the Six Months Ended	
	June 27, 2014	June 28, 2013
Non-cash financing activities:		
Capital expenditures in accounts payable	$ 80.1	$ 56.9
Equipment acquired or refinanced through capital leases	$ 6.1	$ 2.1
Cash (received) paid for:		
Interest income	$ (0.4)	$ (0.7)
Interest expense	$ 11.2	$ 11.3
Income taxes	$ 8.6	$ 7.4

Supplemental Disclosure of Income Tax Information

The income tax benefit for the quarter ended June 27, 2014 consisted of the reversal of $21.5 million of our previously established valuation allowance against our U.S. deferred tax assets as a result of a net deferred tax liability recorded as part of the Truesense acquisition and the reversal of $3.2 million for reserves and interest for uncertain tax positions in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter ended June 27, 2014, partially offset by $6.6 million for income and withholding taxes of certain of our foreign and domestic operations and $1.9 million of new reserves and interest on existing reserves for uncertain tax positions in foreign taxing jurisdictions.

The income tax benefit for the six months ended June 27, 2014 included the reversal of $21.5 million of the Company's previously established valuation allowance against its U.S. deferred tax assets as a result of a net deferred tax liability recorded as part of the Truesense acquisition and the reversal of $3.6 million for reserves and interest for uncertain tax positions in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter ended June 27, 2014, partially offset by $12.9 million for income and withholding taxes of certain of our foreign and domestic operations and $2.2 million of new reserves and interest on existing reserves for uncertain tax positions in foreign taxing jurisdictions.

The Company's provision for income taxes is subject to volatility and could be adversely impacted by earnings being lower than anticipated in countries that have lower tax rates and earnings being higher than anticipated in countries that have higher tax rates. The Company's effective tax rate for the quarter and six months ended June 27, 2014 was a benefit of 22.3% and 7.3%, respectively, which differs from the U.S. statutory federal income tax rate of 35% due to our domestic tax losses and tax rate differential in our foreign subsidiaries, as well as the reversal of valuation allowances and certain reserves and interest for potential liabilities in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter and six months ended June 27, 2014. The Company continues to maintain a full valuation allowance on all of its domestic and substantially all of its Japan related deferred tax assets; however, it is reasonably possible that a substantial portion of the valuation allowance on the Company's domestic deferred tax assets will be reversed within one year of June 27, 2014, which is not expected to have a material effect on the Company's cash taxes. As of December 31, 2013, the valuation allowance on our domestic deferred tax assets was approximately $524 million.

Note 15: Segment Information

As of June 27, 2014, the Company was organized into three operating segments, which also represented its three reporting segments: Application Products Group, Standard Products Group and System Solutions Group. Each of the Company's major product lines has been examined and each product line has been assigned to a segment based on the Company's 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 revenue from the product lines assigned to that segment. These segments represent the Company's view of the business and as such are used to evaluate progress of major initiatives and allocation of resources.

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

Revenues, gross profit and operating income for the Company's reportable segments for the quarters and six months ended June 27, 2014 and June 28, 2013, respectively, are as follows (in millions):

	Application Products Group	Standard Products Group	System Solutions Group	Total
For the quarter ended June 27, 2014:				
Revenues from external customers	$ 301.2	$ 303.7	$ 152.7	$757.6
Segment gross profit	$ 136.9	$ 110.2	$ 31.0	$278.1
Segment operating income (loss)	$ 36.5	$ 60.7	$ (0.1)	$ 97.1
For the quarter ended June 28, 2013:				
Revenues from external customers	$ 251.5	$ 276.4	$ 160.4	$688.3
Segment gross profit	$ 110.4	$ 106.0	$ 20.5	$236.9
Segment operating income (loss)	$ 22.2	$ 65.3	$ (23.0)	$ 64.5

	Application Products Group	Standard Products Group	System Solutions Group	Total
For the six months ended June 27, 2014:				
Revenues from external customers	$ 580.7	$ 596.6	$ 286.8	$1,464.1
Segment gross profit	$ 263.0	$ 216.4	$ 56.0	$ 535.4
Segment operating income (loss)	$ 74.3	$ 120.9	$ (8.8)	$ 186.4
For the six months ended June 28, 2013:				
Revenues from external customers	$ 496.5	$ 541.6	$ 311.2	$1,349.3
Segment gross profit	$ 217.3	$ 200.5	$ 29.1	$ 446.9
Segment operating income (loss)	$ 49.7	$ 122.9	$ (68.7)	$ 103.9

Depreciation and amortization expense is included in segment operating income. Reconciliations of segment gross profit and segment operating income to the financial statements are as follows (in millions):

	Quarter Ended	
	June 27, 2014	June 28, 2013
Gross profit for reportable segments	$ 278.1	$ 236.9
Unallocated amounts:		
Other unallocated manufacturing costs	(5.1)	(5.1)
Gross profit	$ 273.0	$ 231.8
Operating income for reportable segments	$ 97.1	64.5
Unallocated amounts:		
Restructuring and other charges	(4.1)	(6.1)
Other unallocated manufacturing costs	(5.1)	(5.1)
Other unallocated operating expenses	(6.2)	(2.4)
Operating income	$ 81.7	$ 50.9

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

	Six Months Ended	
	June 27, 2014	June 28, 2013
Gross profit for reportable segments	$ 535.4	$ 446.9
Unallocated amounts:		
Other unallocated manufacturing costs	(11.6)	(10.6)
Gross profit	$ 523.8	$ 436.3
Operating income for reportable segments	186.4	103.9
Unallocated amounts:		
Restructuring and other charges	(9.9)	(0.1)
Other unallocated manufacturing costs	(11.6)	(10.6)
Other unallocated operating expenses	(9.9)	(4.6)
Operating income	$ 155.0	$ 88.6

The Company's consolidated assets are not specifically assigned to its individual reporting segments. Rather, assets used in operations are generally shared across the Company's reporting segments. See Note 6: "Balance Sheet Information" for additional information.

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

Revenues by geographic location, including local sales made by operations within each area based on sales billed from the respective country, are summarized as follows (in millions):

	Quarter Ended	
	June 27, 2014	June 28, 2013
United States	$ 126.1	$ 98.5
Japan	66.8	75.7
China	220.9	198.5
Singapore	189.7	180.9
United Kingdom	118.3	102.6
Other	35.8	32.1
	$ 757.6	$ 688.3

	Six Months Ended	
	June 27, 2014	June 28, 2013
United States	$ 238.1	$ 197.4
Japan	132.1	147.3
China	423.6	397.9
Singapore	370.1	347.3
United Kingdom	235.5	200.3
Other	64.7	59.1
	$ 1,464.1	$ 1,349.3

For the quarters and six months ended June 27, 2014 and June 28, 2013, there were no individual customers which accounted for more than 10% of the Company's total revenues.

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

Property, plant and equipment, net by geographic location, is summarized as follows (in millions):

	June 27, 2014	December 31, 2013
United States	$ 284.2	$ 255.3
Czech Republic	114.5	111.1
Malaysia	225.3	213.9
Philippines	188.4	173.8
Other	329.3	320.1
	$1,141.7	$ 1,074.2

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

Note 16: Guarantor and Non-Guarantor Statements

ON Semiconductor is the sole issuer of the 2.625% Notes, Series B. ON Semiconductor's 100% owned domestic subsidiaries, except those domestic subsidiaries acquired through the acquisitions of AMIS, Catalyst, PulseCore, CMD, SDT, SANYO Semiconductor and Truesense (collectively, the "Guarantor Subsidiaries"), fully and unconditionally guarantee, subject to customary releases, on a joint and several basis ON Semiconductor's obligations under the 2.625% Notes, Series B. The Guarantor Subsidiaries include SCI LLC, Semiconductor Components Industries of Rhode Island, Inc., as well as other holding companies whose net assets consist primarily of investments in the joint venture in Leshan, China and equity interests in the Company's other foreign subsidiaries. ON Semiconductor's other remaining subsidiaries (collectively, the "Non-Guarantor Subsidiaries") are not guarantors of the 2.625% Notes, Series B. The repayment of the unsecured 2.625% Notes, Series B is subordinated to the senior indebtedness of ON Semiconductor and the Guarantor Subsidiaries on the terms described in the indenture for the 2.625% Notes, Series B.

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

Condensed consolidating financial information for the issuer of the 2.625% Notes, Series B, the Guarantor Subsidiaries and the Non-Guarantor Subsidiaries is as follows (in millions):

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF JUNE 27, 2014
(in millions)

	Issuer	Guarantor				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash and cash equivalents	$ —	$ 302.8	$ —	$ 296.1	$ —	$ 598.9
Short-term investments	—	2.3	—	—	—	2.3
Receivables, net	—	59.2	—	378.1	—	437.3
Inventories	—	47.5	—	582.3	2.8	632.6
Short-term intercompany receivables	—	—	4.7	67.6	(72.3)	—
Other current assets	—	24.0	—	66.5	—	90.5
Total current assets	—	435.8	4.7	1,390.6	(69.5)	1,761.6
Property, plant and equipment, net	—	255.9	3.1	884.3	(1.6)	1,141.7
Goodwill	—	111.6	37.3	62.7	—	211.6
Intangible assets, net	—	105.5	—	159.7	(19.7)	245.5
Long-term intercompany receivables	—	—	—	1.8	(1.8)	—
Other assets	1,945.6	1,921.0	136.3	831.6	(4,776.5)	58.0
Total assets	$ 1,945.6	$2,829.8	$ 181.4	$ 3,330.7	$ (4,869.1)	$3,418.4
Accounts payable	$ —	$ 37.2	$ 0.1	$ 268.1	$ —	$ 305.4
Accrued expenses	0.3	61.5	0.5	169.6	—	231.9
Deferred income on sales to distributors	—	38.6	—	124.0	—	162.6
Current portion of long-term debt	—	67.8	—	101.6	—	169.4
Short-term intercompany payables	—	72.3	—	—	(72.3)	—
Total current liabilities	0.3	277.4	0.6	663.3	(72.3)	869.3
Long-term debt	338.6	372.3	—	24.6	—	735.5
Other long-term liabilities	—	20.5	0.1	153.5	—	174.1
Long-term intercompany payables	—	1.8	—	—	(1.8)	—
Total liabilities	338.9	672.0	0.7	841.4	(74.1)	1,778.9
Common stock	5.2	24.6	50.9	173.9	(249.4)	5.2
Additional paid-in capital	3,250.6	2,370.6	260.1	1,497.7	(4,128.4)	3,250.6
Accumulated other comprehensive loss	(45.3)	(46.9)	—	(39.2)	86.1	(45.3)
Accumulated deficit	(995.7)	(190.5)	(130.3)	856.9	(536.1)	(995.7)
Less: treasury stock, at cost	(608.1)	—	—	—	—	(608.1)
Total ON Semiconductor Corporation stockholders' equity	1,606.7	2,157.8	180.7	2,489.3	(4,827.8)	1,606.7
Non-controlling interest in consolidated subsidiary	—	—	—	—	32.8	32.8
Total equity	1,606.7	2,157.8	180.7	2,489.3	(4,795.0)	1,639.5
Total liabilities and equity	$ 1,945.6	$2,829.8	$ 181.4	$ 3,330.7	$ (4,869.1)	$3,418.4

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

CONDENSED CONSOLIDATING BALANCE SHEET
AS OF DECEMBER 31, 2013
(in millions)

	Issuer	Guarantor				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Cash and cash equivalents	$ —	$ 267.9	$ —	$ 241.6	$ —	$ 509.5
Short-term investments	—	116.2	—	—	—	116.2
Receivables, net	—	49.8	—	333.6	—	383.4
Inventories	—	46.7	—	562.1	3.0	611.8
Short-term intercompany receivables	—	—	4.1	7.6	(11.7)	—
Other current assets	—	17.8	—	71.5	—	89.3
Total current assets	—	498.4	4.1	1,216.4	(8.7)	1,710.2
Property, plant and equipment, net	—	252.3	3.1	820.6	(1.8)	1,074.2
Goodwill	—	111.5	37.3	35.8	—	184.6
Intangible assets, net	—	113.0	—	132.2	(21.8)	223.4
Long-term intercompany receivables	—	—	—	3.3	(3.3)	—
Other assets	1,790.2	1,600.6	136.1	837.3	(4,299.6)	64.6
Total assets	$ 1,790.2	$2,575.8	$ 180.6	$ 3,045.6	$ (4,335.2)	$ 3,257.0
Accounts payable	$ —	$ 39.1	0.5	237.2	—	$ 276.8
Accrued expenses	1.0	50.8	0.2	168.3	—	220.3
Deferred income on sales to distributors	—	32.3	—	108.2	—	140.5
Current portion of long-term debt	—	79.3	—	102.3	—	181.6
Short-term intercompany payables	—	11.7	—	—	(11.7)	—
Total current liabilities	1.0	213.2	0.7	616.0	(11.7)	819.2
Long-term debt	335.2	396.1	—	29.3	—	760.6
Other long-term liabilities	—	42.2	0.1	148.1	—	190.4
Long-term intercompany payables	—	3.3	—	—	(3.3)	—
Total liabilities	336.2	654.8	0.8	793.4	(15.0)	1,770.2
Common stock	5.2	0.3	50.9	201.6	(252.8)	5.2
Additional paid-in capital	3,210.8	2,335.1	259.8	1,402.6	(3,997.5)	3,210.8
Accumulated other comprehensive loss	(47.4)	(49.2)	—	(38.6)	87.8	(47.4)
Accumulated deficit	(1,142.1)	(365.2)	(130.9)	686.6	(190.5)	(1,142.1)
Less: treasury stock, at cost	(572.5)	—	—	—	—	(572.5)
Total ON Semiconductor Corporation stockholders' equity	1,454.0	1,921.0	179.8	2,252.2	(4,353.0)	1,454.0
Non-controlling interest in consolidated subsidiary	—	—	—	—	32.8	32.8
Total equity	1,454.0	1,921.0	179.8	2,252.2	(4,320.2)	1,486.8
Total liabilities and equity	$ 1,790.2	$2,575.8	$ 180.6	$ 3,045.6	$ (4,335.2)	$ 3,257.0

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

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 27, 2014
(in millions)

	Issuer	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 177.2	$ 4.0	$ 1,050.1	$ (473.7)	$757.6
Cost of revenues	—	142.9	0.3	816.3	(474.9)	484.6
Gross profit	—	34.3	3.7	233.8	1.2	273.0
Operating expenses:						
Research and development	—	13.2	2.9	68.1	—	84.2
Selling and marketing	—	20.9	0.2	26.8	—	47.9
General and administrative	—	17.3	0.3	27.1	—	44.7
Amortization of acquisition related intangible assets	—	3.8	—	7.6	(1.0)	10.4
Restructuring, asset impairments and other, net	—	0.9	—	3.2	—	4.1
Total operating expenses	—	56.1	3.4	132.8	(1.0)	191.3
Operating income (loss)	—	(21.8)	0.3	101.0	2.2	81.7
Other income (expense), net:						
Interest expense	(4.2)	(3.1)	—	(0.6)	—	(7.9)
Interest income	—	—	—	0.2	—	0.2
Other	—	1.5	—	(2.7)	—	(1.2)
Equity in earnings	92.2	97.1	2.3	—	(191.6)	—
Other income (expense), net	88.0	95.5	2.3	(3.1)	(191.6)	(8.9)
Income before income taxes	88.0	73.7	2.6	97.9	(189.4)	72.8
Income tax benefit (provision)	—	18.9	(0.3)	(2.4)	—	16.2
Net income	88.0	92.6	2.3	95.5	(189.4)	89.0
Net income attributable to non-controlling interest	—	—	—	—	(1.0)	(1.0)
Net income attributable to ON Semiconductor Corporation	$ 88.0	$ 92.6	$ 2.3	$ 95.5	$ (190.4)	$ 88.0
Comprehensive income attributable to ON Semiconductor Corporation	$ 89.1	$ 93.9	$ 2.3	$ 95.3	$ (191.5)	$ 89.1

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

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE QUARTER ENDED JUNE 28, 2013
(in millions)

	Issuer	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 150.2	$ 3.2	$ 1,086.3	$ (551.4)	$688.3
Cost of revenues	—	121.2	—	891.8	(556.5)	456.5
Gross profit	—	29.0	3.2	194.5	5.1	231.8
Operating expenses:						
Research and development	—	12.3	2.7	68.1	—	83.1
Selling and marketing	—	18.0	0.2	25.1	—	43.3
General and administrative	—	11.0	0.2	29.0	—	40.2
Amortization of acquisition related intangible assets	—	3.8	—	5.4	(1.0)	8.2
Restructuring, asset impairments and other, net	—	—	—	6.1	—	6.1
Total operating expenses	—	45.1	3.1	133.7	(1.0)	180.9
Operating income (loss)	—	(16.1)	0.1	60.8	6.1	50.9
Other income (expense), net:						
Interest expense	(5.6)	(2.5)	—	(1.2)	—	(9.3)
Interest income	—	—	—	0.4	—	0.4
Other	—	(13.3)	—	17.4	—	4.1
Equity in earnings	53.3	79.8	2.5	0.1	(135.7)	—
Other income (expense), net	47.7	64.0	2.5	16.7	(135.7)	(4.8)
Income before income taxes	47.7	47.9	2.6	77.5	(129.6)	46.1
Income tax (provision) benefit	—	(3.1)	—	5.7	—	2.6
Net income	47.7	44.8	2.6	83.2	(129.6)	48.7
Net income attributable to non-controlling interest	—	—	—	—	(1.0)	(1.0)
Net income attributable to ON Semiconductor Corporation	$ 47.7	$ 44.8	$ 2.6	$ 83.2	$ (130.6)	$ 47.7
Comprehensive income attributable to ON Semiconductor Corporation	$ 47.0	$ 43.2	$ 2.6	$ 85.7	$ (131.5)	$ 47.0

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

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 27, 2014
(in millions)

	Issuer	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 347.2	$ 7.9	$ 2,024.2	$ (915.2)	$1,464.1
Cost of revenues	—	282.3	0.5	1,573.0	(915.5)	940.3
Gross profit	—	64.9	7.4	451.2	0.3	523.8
Operating expenses:						
Research and development	—	25.4	5.9	131.0	—	162.3
Selling and marketing	—	40.2	0.4	51.7	—	92.3
General and administrative	—	30.5	0.6	54.6	—	85.7
Amortization of acquisition related intangible assets	—	7.5	—	13.1	(2.0)	18.6
Restructuring, asset impairments and other, net	—	1.3	—	8.6	—	9.9
Total operating expenses	—	104.9	6.9	259.0	(2.0)	368.8
Operating income (loss)	—	(40.0)	0.5	192.2	2.3	155.0
Other income (expense), net:						
Interest expense	(8.2)	(6.6)	—	(1.2)	—	(16.0)
Interest income	—	0.1	—	0.3	—	0.4
Other	—	0.9	—	(2.7)	—	(1.8)
Equity in earnings	154.6	195.7	2.9	—	(353.2)	—
Other income (expense), net	146.4	190.1	2.9	(3.6)	(353.2)	(17.4)
Income before income taxes	146.4	150.1	3.4	188.6	(350.9)	137.6
Income tax benefit (provision)	—	24.6	(0.3)	(14.3)	—	10.0
Net income	146.4	174.7	3.1	174.3	(350.9)	147.6
Net income attributable to non-controlling interest	—	—	—	—	(1.2)	(1.2)
Net income attributable to ON Semiconductor Corporation	$ 146.4	$ 174.7	$ 3.1	$ 174.3	$ (352.1)	$ 146.4
Comprehensive income attributable to ON Semiconductor Corporation	$ 148.5	$ 177.2	$ 3.1	$ 173.7	$ (354.0)	$ 148.5

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

CONDENSED CONSOLIDATING STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED JUNE 28, 2013
(in millions)

	Issuer	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Revenues	$ —	$ 328.3	$ 6.4	$ 2,034.1	$ (1,019.5)	$1,349.3
Cost of revenues	—	233.5	0.2	1,711.0	(1,031.7)	913.0
Gross profit	—	94.8	6.2	323.1	12.2	436.3
Operating expenses:						
Research and development	—	53.9	5.2	112.4	—	171.5
Selling and marketing	—	34.7	0.3	48.1	—	83.1
General and administrative	—	16.1	0.4	59.9	—	76.4
Amortization of acquisition related intangible assets	—	7.6	—	11.0	(2.0)	16.6
Restructuring, asset impairments and other, net	—	1.0	—	(0.9)	—	0.1
Total operating expenses	—	113.3	5.9	230.5	(2.0)	347.7
Operating income (loss)	—	(18.5)	0.3	92.6	14.2	88.6
Other income (expense), net:						
Interest expense	(11.7)	(4.9)	—	(2.8)	—	(19.4)
Interest income	—	0.2	—	0.5	—	0.7
Other	—	(5.5)	—	10.5	—	5.0
Loss on debt exchange	(3.1)	—	—	—	—	(3.1)
Equity in earnings	85.1	104.7	4.1	—	(193.9)	—
Other income (expense), net	70.3	94.5	4.1	8.2	(193.9)	(16.8)
Income before income taxes	70.3	76.0	4.4	100.8	(179.7)	71.8
Income tax (provision) benefit	—	(0.9)	—	1.1	—	0.2
Net income	70.3	75.1	4.4	101.9	(179.7)	72.0
Net income attributable to non-controlling interest	—	—	—	—	(1.7)	(1.7)
Net income attributable to ON Semiconductor Corporation	$ 70.3	$ 75.1	$ 4.4	$ 101.9	$ (181.4)	$ 70.3
Comprehensive income attributable to ON Semiconductor Corporation	$ 60.3	$ 63.0	$ 4.4	$ 95.8	$ (163.2)	$ 60.3

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 27, 2014
(in millions)

	Issuer	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash provided by operating activities	$ —	$ 14.1	$ 0.7	$ 215.2	$ (3.5)	$226.5
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(29.0)	(0.7)	(66.8)	—	(96.5)
Proceeds from sales of property, plant and equipment	—	—	—	0.2	—	0.2
Deposits utilized for purchases of property, plant and equipment	—	—	—	1.3	—	1.3
Purchase of businesses, net of cash acquired	—	—	—	(90.9)	—	(90.9)
Proceeds from held-to maturity securities	—	116.2	—	—	—	116.2
Purchases of held-to-maturity securities	—	(2.3)	—	—	—	(2.3)
Contribution from subsidiaries	18.3	—	—	—	(18.3)	—
Net cash provided by (used in) investing activities	18.3	84.9	(0.7)	(156.2)	(18.3)	(72.0)
Cash flows from financing activities:						
Intercompany loans	—	(65.3)	—	65.3	—	—
Intercompany loan repayments to guarantor	—	65.5	—	(65.5)	—	—
Payments to parent	—	(23.0)	—	—	23.0	—
Proceeds from issuance of common stock under the employee stock purchase plan	2.5	—	—	—	—	2.5
Proceeds from exercise of stock options	15.4	—	—	—	—	15.4
Payments of tax withholding for restricted shares	(5.4)	—	—	—	—	(5.4)
Repurchase of common stock	(30.8)	—	—	—	—	(30.8)
Proceeds from debt issuance	—	—	—	15.0	—	15.0
Payment of capital leases obligations	—	(19.2)	—	(1.8)	—	(21.0)
Repayment of long-term debt	—	(22.1)	—	(18.6)	—	(40.7)
Dividend to non-controlling shareholder of consolidated subsidiary	—	—	—	—	(1.2)	(1.2)
Net cash used in financing activities	(18.3)	(64.1)	—	(5.6)	21.8	(66.2)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	1.1	—	1.1
Net increase in cash and cash equivalents	—	34.9	—	54.5	—	89.4
Cash and cash equivalents, beginning of period	—	267.9	—	241.6	—	509.5
Cash and cash equivalents, end of period	$ —	$ 302.8	$ —	$ 296.1	$ —	$598.9

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

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 28, 2013
(in millions)

	Issuers	Guarantor Subsidiaries				
	ON Semiconductor Corporation	SCI LLC	Other Subsidiaries	Non-Guarantor Subsidiaries	Eliminations	Total
Net cash (used in) provided by operating activities	$ —	$ (5.5)	$ —	$ 151.5	$ (5.6)	$ 140.4
Cash flows from investing activities:						
Purchases of property, plant and equipment	—	(16.3)	—	(68.4)	—	(84.7)
Proceeds from sales of property, plant and equipment	—	0.1	—	8.3	—	8.4
Deposits utilized for purchases of property, plant and equipment	—	—	—	(1.5)	—	(1.5)
Proceeds from held-to maturity securities	—	124.2	—	—	—	124.2
Purchase of held-to-maturity securities	—	(162.3)	—	—	—	(162.3)
Contribution from subsidiaries	80.4	—	—	—	(80.4)	—
Net cash provided by (used in) investing activities	80.4	(54.3)	—	(61.6)	(80.4)	(115.9)
Cash flows from financing activities:						
Intercompany loans	—	(403.7)	—	403.7	—	—
Intercompany loan repayments to guarantor	—	539.6	—	(539.6)	—	—
Payments to parent	—	(86.0)	—	—	86.0	—
Proceeds from issuance of common stock under the employee stock purchase plan	2.1	—	—	—	—	2.1
Proceeds from exercise of stock options	6.6	—	—	—	—	6.6
Payments of tax withholding for restricted shares	(2.2)	—	—	—	—	(2.2)
Repurchase of common stock	(9.4)	—	—	—	—	(9.4)
Proceeds from debt issuance	—	—	—	26.2	—	26.2
Payment of capital leases obligations	—	(19.7)	—	(2.1)	—	(21.8)
Repayment of long-term debt	(77.5)	(3.0)	—	(27.1)	—	(107.6)
Net cash (used in) provided by financing activities	(80.4)	27.2	—	(138.9)	86.0	(106.1)
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(9.2)	—	(9.2)
Net increase (decrease) in cash and cash equivalents	—	(32.6)	—	(58.2)	—	(90.8)
Cash and cash equivalents, beginning of period	—	212.1	—	274.8	—	486.9
Cash and cash equivalents, end of period	$ —	$ 179.5	$ —	$ 216.6	$ —	$ 396.1

See also Note 10: “Commitments and Contingencies— Financing Contingencies” for discussion certain of the Company’s guarantees.

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

You should read the following discussion in conjunction with our audited historical consolidated financial statements, which are included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 ("2013 Form 10-K"), filed with the Securities and Exchange Commission (the "Commission") on February 21, 2014, and our unaudited consolidated financial statements for the fiscal quarter and six months ended June 27, 2014, included elsewhere in this Form 10-Q. Management's Discussion and Analysis of Financial Condition and Results of Operations contains statements that are forward-looking. These statements are based on current expectations and assumptions that are subject to risk, uncertainties, and other factors. Actual results could differ materially because of the factors discussed below or elsewhere in this Form 10-Q. See Part II, Item 1A. "Risk Factors" of this Form 10-Q and Part I, Item 1A. "Risk Factors" of our 2013 Form 10-K.

Company Highlights for the Quarter Ended June 27, 2014

- Total revenues of approximately $757.6 million
- Gross margin of approximately 36.0%
- Net income of $0.20 per diluted share
- Cash, cash equivalents and short-term investments of approximately $601.2 million
- Completed the acquisition of Truesense Imaging, Inc. ("Truesense") for approximately $95.1 million in cash

Executive Overview

This Executive Overview presents summary information regarding our industry, markets, business and operating trends only. For further information regarding the events summarized herein, see Item 2 "Management's Discussion and Analysis of Financial Condition and Results of Operations" in its entirety.

Industry Overview

We participate in unit and revenue surveys and use data summarized by the WSTS group to evaluate overall semiconductor market trends and to track our progress against the market in the areas we provide semiconductor components. The most recently published estimates from WSTS project a compound annual growth rate in our serviceable addressable market of approximately 4% during 2014 through 2016. These are not our projections and may not be indicative of actual results. We, like many of our competitors, view this information as helpful third party projections and estimates.

Business Overview

ON Semiconductor Corporation and its subsidiaries ("we," "us," "our," "ON Semiconductor," or the "Company") is driving innovation in energy efficient electronics. Our extensive portfolio of power and signal management, logic, discrete and custom devices helps customers efficiently solve their design challenges in advanced electronic systems and products. Our power management and motor driver semiconductor components control, convert, protect and monitor the supply of power to the different elements within a wide variety of electronic devices. Our 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' products. Our data management semiconductor components provide high-performance clock management and data flow management for precision computing, communications and industrial systems. Our image sensors, optical image stabilization and auto focus devices provide advanced imaging solutions for optical systems. Our standard semiconductor components serve as "building blocks" within virtually all types of electronic devices. These various products fall into the logic, analog, discrete, image sensors and memory categories used by the WSTS group.

We serve a broad base of end-user markets, including automotive, communications, computing, consumer electronics, medical, industrial, smart grid and military/aerospace. Our devices are found in a wide variety of end-products including automotive electronics, smartphones, media tablets, wearable electronics, computers, servers, industrial building and home automation systems, consumer white goods, LED lighting, power supplies, networking and telecom equipment, medical diagnostics, imaging and hearing health, and sensor networks.

Our portfolio of devices enables us to offer advanced ICs and the "building block" components that deliver system level functionality and design solutions. Our extensive product portfolio consisted of approximately 46,000 products as of June 27, 2014 and we shipped approximately 22.3 billion units in the first six months of 2014, as compared to 20.4 billion units in the first six months of 2013. We offer micro packages, which provide increased performance characteristics while reducing the critical board space inside today's ever shrinking electronic devices and power modules, delivering improved energy efficiency and reliability for a wide variety of high power applications. We believe that our ability to offer a broad range of products, combined with our global manufacturing and logistics network, provides our customers with single source purchasing on a cost-effective and timely basis.

Acquisitions

Acquisition of Truesense

On April 30, 2014, we completed the purchase of Truesense, whereby Truesense became our wholly-owned subsidiary. The aggregate purchase price of this transaction was approximately $95.1 million, subject to customary closing adjustments. We believe that the acquisition of Truesense strengthens our product portfolio targeting industrial end-markets such as machine vision, surveillance, and intelligent transportation systems by complementing our existing high-speed, high-resolution, power-efficient image sensing solutions with Truesense's high-performance image sensors for low-light, low-noise.

Acquisition of Aptina, Inc. ("Aptina")

On June 9, 2014, we entered into an agreement and plan of merger (the "Merger Agreement") with Aptina, pursuant to which, at the effective time of the merger, Aptina would become an indirect wholly-owned subsidiary of ON Semiconductor, for an estimated purchase price of approximately $400.0 million in cash, subject to customary closing adjustments as set forth in the Merger Agreement. The transaction remains subject to the satisfaction or waiver of various closing conditions and is subject to certain regulatory approvals.

See Note 3: "Acquisitions" of the notes to our unaudited consolidated financial statements located elsewhere in this Form 10-Q for additional information.

Segments

As of June 27, 2014, we were organized into three operating segments, which also represented our three reporting segments: Application Products Group, Standard Products Group, and System Solutions Group. Each of our major product lines has been assigned to a segment 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 associated with our operating segments, and may move product families or individual devices from one operating segment to another.

Business and Macroeconomic Environment

We have recognized efficiencies from implemented restructuring activities and programs and continue to implement profitability enhancement programs to improve our cost structure. However, the semiconductor industry has traditionally been highly cyclical and has often experienced significant downturns in connection with, or in anticipation of, declines in general economic conditions. While there have been recent indications of improving conditions, our business environment continues to experience significant uncertainty and volatility. We have historically reviewed, and will continue to review, our cost structure, capital investments and other expenditures to align our spending and capacity with our current sales and manufacturing projections.

Outlook

ON Semiconductor Third Quarter 2014 Outlook

Based upon product booking trends, backlog levels, and estimated turns levels, we estimate that our revenues will be approximately $765 million to $795 million in the third quarter of 2014. Backlog levels for the third quarter of 2014 represent approximately 80% to 85% of our anticipated third quarter 2014 revenues. We estimate average selling prices for the third quarter of 2014 will be down approximately one to two percent when compared to the second quarter of 2014. For the third quarter of 2014, we estimate that gross margin as a percentage of revenues will be approximately 35.6% to 37.6%.

Results of Operations

Quarter Ended June 27, 2014 Compared to the Quarter Ended June 28, 2013

The following table summarizes certain information relating to our operating results that has been derived from our unaudited consolidated financial statements for the quarters ended June 27, 2014 and June 28, 2013 (in millions):

	Quarter Ended		
	June 27, 2014	June 28, 2013	Dollar Change
Revenues	$ 757.6	$ 688.3	$ 69.3
Cost of revenues	484.6	456.5	28.1
Gross profit	273.0	231.8	41.2
Operating expenses:			
Research and development	84.2	83.1	1.1
Selling and marketing	47.9	43.3	4.6
General and administrative	44.7	40.2	4.5
Amortization of acquisition-related intangible assets	10.4	8.2	2.2
Restructuring, asset impairments and other, net	4.1	6.1	(2.0)
Total operating expenses	191.3	180.9	10.4
Operating income	81.7	50.9	30.8
Other income (expense), net:			
Interest expense	(7.9)	(9.3)	1.4
Interest income	0.2	0.4	(0.2)
Other	(1.2)	4.1	(5.3)
Other income (expense), net	(8.9)	(4.8)	(4.1)
Income before income taxes	72.8	46.1	26.7
Income tax benefit	16.2	2.6	13.6
Net income	89.0	48.7	40.3
Less: Net income attributable to non-controlling interest	(1.0)	(1.0)	—
Net income attributable to ON Semiconductor Corporation	$ 88.0	$ 47.7	$ 40.3

Revenues

Revenues were $757.6 million and $688.3 million for the quarters ended June 27, 2014 and June 28, 2013, respectively. The increase in revenues for the quarter ended June 27, 2014 compared to the quarter ended June 28, 2013 was attributed to our Application Products Group and Standard Products Group, both of which experienced increases in revenue as a result of an improved demand environment, along with approximately $13.3 million of additional revenue in the Application Products Group provided by the acquisition of Truesense on April 30, 2014, partially offset by decreased revenue from our System Solutions Group due to the continued impact of a softening of the consumer end-markets.

As compared to the quarter ended June 28, 2013, we experienced a decline in average selling prices of approximately 4%, offset by favorable changes in volume and mix, which resulted in a net increase in revenue of approximately 10% for the quarter ended June 27, 2014.

Our revenues by reportable segment for the quarters ended June 27, 2014 and June 28, 2013 were as follows (dollars in millions):

	Quarter Ended June 27, 2014	As a % of Total Revenue (1)	Quarter Ended June 28, 2013	As a % of Total Revenue (1)
Application Products Group	$ 301.2	39.8%	$ 251.5	36.5%
Standard Products Group	303.7	40.1%	276.4	40.2%
System Solutions Group	152.7	20.2%	160.4	23.3%
Total revenues	$ 757.6		$ 688.3	

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

Revenues from the Application Products Group increased by $49.7 million, or approximately 20%, from the second quarter of 2013 to the second quarter of 2014. This increase is primarily attributable to a $29.7 million, or approximately 22%, increase in revenues from our ASIC products, combined with an increase in revenues from our analog products of $14.3 million, or approximately 16%. These increases are the result of an improved demand environment as well as the addition of revenue provided by the acquisition of Truesense.

Revenues from the Standard Products Group increased by $27.3 million, or approximately 10%, from the second quarter of 2013 to the second quarter of 2014. This increase is primarily attributable to a $18.3 million, or approximately 17%, increase in revenue from our discrete products, combined with an increase in revenues from our analog products of $9.7 million, or approximately 13%, as a result of an improved demand environment.

Revenues from the System Solutions Group decreased by $7.7 million, or approximately 5%, from the second quarter of 2013 to the second quarter of 2014. This decrease is primarily attributable to a $6.0 million, or approximately 6% decrease in revenue from our LSI products along with decreases from a softening of the consumer end-markets.

Revenues by geographic location for the quarters ended June 27, 2014 and June 28, 2013 were as follows (dollars in millions):

	Quarter Ended June 27, 2014	As a % of Total Revenue (1)	Quarter Ended June 28, 2013	As a % of Total Revenue (1)
United States	$ 126.1	16.6%	$ 98.5	14.3%
Japan	66.8	8.8%	75.7	11.0%
China	220.9	29.2%	198.5	28.8%
Singapore	189.7	25.0%	180.9	26.3%
United Kingdom	118.3	15.6%	102.6	14.9%
Other	35.8	4.7%	32.1	4.7%
Total	$ 757.6		$ 688.3	

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

A majority of our end customers, served directly or through distribution channels, are manufacturers of electronic devices. For the quarters ended June 27, 2014 and June 28, 2013, we had no single customer that accounted for 10% or more of our total revenues.

Gross Profit

Our gross profit by reportable segment for the quarters ended June 27, 2014 and June 28, 2013 was as follows (dollars in millions):

	Quarter Ended June 27, 2014	As a % of Segment Revenue (1)	Quarter Ended June 28, 2013	As a % of Segment Revenue (1)
Application Products Group	$ 136.9	45.5%	$ 110.4	43.9%
Standard Products Group	110.2	36.3%	106.0	38.4%
System Solutions Group	31.0	20.3%	20.5	12.8%
Gross profit by segment	$ 278.1		$ 236.9	
Unallocated manufacturing costs (2)	(5.1)	(0.7)%	(5.1)	(0.7)%
Total gross profit	$ 273.0	36.0%	$ 231.8	33.7%

(1) Certain amounts may not total due to rounding of individual amounts.
(2) Unallocated manufacturing costs are shown as a percentage of total revenue.

Our gross profit was $273.0 million in the second quarter of 2014 compared to $231.8 million in the second quarter of 2013. The gross profit increase of $41.2 million, or approximately 18%, during the second quarter of 2014 is primarily due to increased capacity utilization and cost savings realized from previous restructuring activities, partially offset by decreased average selling prices.

Gross profit as a percentage of revenues increased from approximately 33.7% in the second quarter of 2013 to approximately 36.0% in the second quarter of 2014. This increase was primarily driven by favorable changes in volume and mix across certain product lines as well as a larger proportion of revenues generated from our Applications Products Group and Standard Products Group which experience higher gross margin levels than our System Solutions Group.

Operating Expenses

Research and development expenses were $84.2 million for the second quarter of 2014 compared to $83.1 million for the second quarter of 2013, representing an increase of $1.1 million, or approximately 1%. This increase in research and development expenses is primarily associated with increased personnel costs in our Application Products Group and Standard Products Group along with increased performance-based compensation as a result of improved performance results for the second quarter of 2014 compared to the second quarter of 2013, partially offset by decreased research and development expenses in our System Solutions Group attributable to decreased payroll related expenses resulting from our 2013 restructuring and cost saving activities.

Selling and marketing expenses were $47.9 million for the second quarter of 2014 compared to $43.3 million for the second quarter of 2013, representing an increase of $4.6 million, or approximately 11%. This increase is primarily associated with increased sales commissions and increased payroll related expenses associated with performance-based compensation as a result of improved performance results for the second quarter of 2014 compared to the second quarter of 2013.

General and administrative expenses were $44.7 million in the second quarter of 2014 compared to $40.2 million in the second quarter of 2013, representing an increase of $4.5 million, or approximately 11%. This increase in general and administrative expenses is primarily associated with increased payroll related expenses associated with performance-based compensation as a result of improved performance results for the second quarter of 2014 compared to the second quarter of 2013.

Other Operating Expenses

Amortization of Acquisition—Related Intangible Assets

Amortization of acquisition-related intangible assets was $10.4 million and $8.2 million for the quarters ended June 27, 2014 and June 28, 2013, respectively. The increase in amortization of acquisition-related intangible assets is attributable to the amortization of intangible assets assumed as a result of our acquisition of Truesense.

Restructuring, Asset Impairments and Other, Net

Restructuring, asset impairments and other, net was $4.1 million for the quarter ended June 27, 2014 compared to $6.1 million for the quarter ended June 28, 2013. The information below summarizes certain activities for each respective quarter. See Note 5: “Restructuring, Asset Impairments and Other, Net” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information.

Quarter Ended June 27, 2014

During the fourth quarter of 2013, we initiated a voluntary retirement program for certain employees of our System Solutions Group subsidiaries in Japan (the “Q4 2013 Voluntary Retirement Program”). Approximately 350 employees opted to retire pursuant to the Q4 2013 Voluntary Retirement Program, of which 340 employees had retired by June 27, 2014. The remaining employees who accepted retirement packages are expected to retire by the end of 2014. As part of these restructuring activities, approximately 70 contractor positions were also identified for elimination, all of which were exited as of June 27, 2014. As an extension of this program, we also identified approximately 40 additional positions for elimination, consisting of 20 employees and 20 contractors, substantially all of which had existed by June 27, 2014. We anticipate total cost savings for the Q4 2013 Voluntary Retirement Program, which includes the above referenced headcounts, to be within the range of our previously disclosed expectations of $36 million to $45 million during the first year following the completion of the anticipated headcount reductions.

During the quarter ended June 27, 2014, we initiated further voluntary retirement activities for certain of our System Solutions Group subsidiaries in Japan, applicable to an additional 60 to 70 positions, consisting of employees and contractors, which are expected to be eliminated during the third quarter of 2014.

During the quarter ended June 27, 2014, we recorded net charges of approximately $0.6 million in connection with the Q4 2013 Voluntary Retirement Program, which consisted of employee severance charges of $2.3 million, partially offset by pension and related retirement liability adjustments associated with the affected employees, which resulted in a pension curtailment benefit of $1.7 million.

Additionally, during the quarter ended June 27, 2014, we recorded approximately $1.7 million of net charges related to our previously announced plan to close our KSS facility.

Quarter Ended June 28, 2013

During the first quarter of 2013, we initiated a voluntary retirement program for employees of certain of our System Solutions Group subsidiaries in Japan. During the quarter ended June 28, 2013, we recorded net charges of approximately $3.9 million in connection with this program, which consisted of employee severance charges of $6.8 million, partially offset by pension and related retirement liability adjustments associated with the affected employees, which resulted in a pension curtailment benefit of $2.9 million.

Operating Income

Information about operating income (loss) from our reportable segments for the quarters ended June 27, 2014 and June 28, 2013 is as follows (in millions):

	Application Products Group	Standard Products Group	System Solutions Group	Total
For quarter ended June 27, 2014:				
Segment operating income (loss)	$ 36.5	$ 60.7	$ (0.1)	$97.1
For quarter ended June 28, 2013:				
Segment operating income (loss)	$ 22.2	$ 65.3	$ (23.0)	$64.5

Reconciliations of segment information to the financial statements is as follows (in millions):

	Quarter Ended	
	June 27, 2014	June 28, 2013
Operating income for reportable segments	$ 97.1	$ 64.5
Unallocated amounts:		
Restructuring, asset impairments and other charges, net	(4.1)	(6.1)
Other unallocated manufacturing costs	(5.1)	(5.1)
Other unallocated operating expenses (1)	(6.2)	(2.4)
Operating income	$ 81.7	$ 50.9

(1) Other unallocated operating expenses consist of expenses associated with certain corporate decisions and initiatives which do not impact expenses that are directly attributable to our reporting segments.

Interest Expense

Interest expense decreased by $1.4 million to $7.9 million during the quarter ended June 27, 2014 compared to $9.3 million during the quarter ended June 28, 2013. We recorded amortization of debt discount to interest expense of $1.7 million and $2.7 million for the quarters ended June 27, 2014 and June 28, 2013, respectively. Our average long-term debt balance (including current maturities and net of debt discount) during the quarter ended June 27, 2014 was $912.6 million at a weighted average interest rate of approximately 3.5%, compared to $933.6 million at a weighted average interest rate of approximately 4.0% during the quarter ended June 28, 2013.

Other

Other expense increased by $5.3 million from income of $4.1 million for the quarter ended June 28, 2013 to expenses of $1.2 million for the quarter ended June 27, 2014. The increase is primarily attributable to certain foreign currency exchange movements that are not offset by our hedging activity.

Provision for Income Taxes

We recorded an income tax benefit of $16.2 million and of $2.6 million during the quarters ended June 27, 2014 and June 28, 2013, respectively.

The income tax benefit for the quarter ended June 27, 2014 consisted of the reversal of $21.5 million of our previously established valuation allowance against our U.S. deferred tax assets as a result of a net deferred tax liability recorded as part of the Truesense acquisition and the reversal of $3.2 million for reserves and interest for uncertain tax positions in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter ended June 27, 2014, partially offset by $6.6 million for income and withholding taxes of certain of our foreign and domestic operations and $1.9 million of new reserves and interest on existing reserves for uncertain tax positions in foreign taxing jurisdictions.

The income tax benefit for the quarter ended June 28, 2013 consisted of the reversal of $6.0 million of valuation allowances against deferred tax assets of certain foreign subsidiaries and the reversal of $0.1 million for reserves of interest for potential liabilities in foreign jurisdictions, partially offset by $3.3 million for income and withholding taxes of certain of our foreign operations and $0.2 million of interest on existing reserves for potential liabilities in foreign taxing jurisdictions.

Our provision for income taxes is subject to volatility and could be adversely impacted by earnings being lower than anticipated in countries that have lower tax rates and earnings being higher than anticipated in countries that have higher tax rates. Our effective tax rate for the quarter ended June 27, 2014 was a benefit of 22.3%, which differs from the U.S. statutory federal income tax rate of 35% due to our domestic tax losses and tax rate differential in our foreign subsidiaries, as well as the reversal of valuation allowances and certain reserves and interest for potential liabilities in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter ended June 27, 2014. We continue to maintain a full valuation allowance on all of our domestic and substantially all of our Japan related deferred tax assets; however, it is reasonably possible that a substantial portion of the valuation allowance will be reversed within one year of June 27, 2014, which is not expected to have a material effect on our cash taxes. As of December 31, 2013, the valuation allowance on our domestic deferred tax assets was approximately $524 million.

Results of Operations

Six Months Ended June 27, 2014 Compared to the Six Months Ended June 28, 2013

The following table summarizes certain information relating to our operating results that has been derived from our unaudited consolidated financial statements for the six months ended June 27, 2014 and June 28, 2013 (in millions):

	Six Months Ended		
	June 27, 2014	June 28, 2013	Dollar Change
Revenues	$ 1,464.1	$ 1,349.3	$ 114.8
Cost of revenues	940.3	913.0	27.3
Gross profit	523.8	436.3	87.5
Operating expenses:			
Research and development	162.3	171.5	(9.2)
Selling and marketing	92.3	83.1	9.2
General and administrative	85.7	76.4	9.3
Amortization of acquisition-related intangible assets	18.6	16.6	2.0
Restructuring, asset impairments and other, net	9.9	0.1	9.8
Total operating expenses	368.8	347.7	21.1
Operating income	155.0	88.6	66.4
Other income (expense), net:			
Interest expense	(16.0)	(19.4)	3.4
Interest income	0.4	0.7	(0.3)
Other	(1.8)	5.0	(6.8)
Loss on debt exchange	—	(3.1)	3.1
Other income (expense), net	(17.4)	(16.8)	(0.6)
Income before income taxes	137.6	71.8	65.8
Income tax benefit	10.0	0.2	9.8
Net income	147.6	72.0	75.6
Less: Net income attributable to non-controlling interest	(1.2)	(1.7)	0.5
Net income attributable to ON Semiconductor Corporation	$ 146.4	$ 70.3	$ 76.1

Revenues

Revenues were $1,464.1 million and $1,349.3 million for the six months ended June 27, 2014 and June 28, 2013, respectively. The increase in revenues for the six months ended June 27, 2014 compared to the six months ended June 28, 2013 was attributed to our Application Products Group and Standard Products Group, both of which experienced increases in revenue as a result of an improved demand environment, along with approximately $13.3 million of additional revenue in the Application Products Group provided by the acquisition of Truesense on April 30, 2014, partially offset by decreased revenue from our System Solutions Group due to a weakened Yen and the continued impact of a softening of the consumer end-markets.

As compared to the six months ended June 28, 2013, we experienced a decline in average selling prices of approximately 5%, offset by favorable changes in volume and mix, which resulted in a net increase in revenue of approximately 9% for the six months ended June 27, 2014.

Our revenues by reportable segment for the six months ended June 27, 2014 and June 28, 2013 were as follows (dollars in millions):

	Six Months Ended June 27, 2014	As a % of Total Revenue (1)	Six Months Ended June 28, 2013	As a % of Total Revenue (1)
Application Products Group	$ 580.7	39.7%	$ 496.5	36.8%
Standard Products Group	596.6	40.7%	541.6	40.1%
System Solutions Group	286.8	19.6%	311.2	23.1%
Total revenues	$ 1,464.1		$ 1,349.3	

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

Revenues from the Application Products Group increased by $84.2 million, or approximately 17%, from the six months ended June 28, 2013 to the six months ended June 27, 2014. This increase is primarily attributable to a $47.7 million, or approximately 18%, increase in revenues from our ASIC products, combined with an increase in revenues from our analog products of $27.5 million, or approximately 15%, along with increases in revenue from our TMOS and foundry products. These increases are the result of an improved demand environment, as well as the addition of revenue provided by the acquisition of Truesense.

Revenues from the Standard Products Group increased by $55.0 million, or approximately 10%, from the six months ended June 28, 2013 to the six months ended June 27, 2014. This increase is primarily attributable to a $37.3 million, or approximately 18%, increase in revenue from our discrete products, combined with an increase in revenues from our analog products of $14.1 million, or approximately 10%, as a result of an improved demand environment.

Revenues from the System Solutions Group decreased by $24.4 million, or approximately 8%, from the six months ended June 28, 2013 to the six months ended June 27, 2014. This decrease is primarily attributable to a $21.8 million, or approximately 10% decrease in revenue from our LSI products, along with decreases from a softening of the consumer end-markets and the impact of a weakening Yen.

Revenues by geographic location for the six months ended June 27, 2014 and June 28, 2013 were as follows (dollars in millions):

	Six Months Ended June 27, 2014	As a % of Total Revenue (1)	Six Months Ended June 28, 2013	As a % of Total Revenue (1)
United States	$ 238.1	16.3%	$ 197.4	14.6%
Japan	132.1	9.0%	147.3	10.9%
China	423.6	28.9%	397.9	29.5%
Singapore	370.1	25.3%	347.3	25.7%
United Kingdom	235.5	16.1%	200.3	14.8%
Other	64.7	4.4%	59.1	4.4%
Total	$ 1,464.1		$ 1,349.3	

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

A majority of our end customers, served directly or through distribution channels, are manufacturers of electronic devices. For the six months ended June 27, 2014 and June 28, 2013, we had no single customer that accounted for 10% or more of our total revenues.

Gross Profit

Our gross profit by reportable segment for the six months ended June 27, 2014 and June 28, 2013 was as follows (dollars in millions):

	Six Months Ended June 27, 2014	As a % of Segment Revenue (1)	Six Months Ended June 28, 2013	As a % of Segment Revenue (1)
Application Products Group	$ 263.0	45.3%	$ 217.3	43.8%
Standard Products Group	216.4	36.3%	200.5	37.0%
System Solutions Group	56.0	19.5%	29.1	9.4%
Gross profit by segment	$ 535.4		$ 446.9	
Unallocated manufacturing costs (2)	(11.6)	(0.8)%	(10.6)	(0.8)%
Total gross profit	$ 523.8	35.8%	$ 436.3	32.3%

(1) Certain amounts may not total due to rounding of individual amounts.
(2) Unallocated manufacturing costs are shown as a percentage of total revenue.

Our gross profit was $523.8 million during the six months ended June 27, 2014 compared to $436.3 million during the six months ended June 28, 2013. The gross profit increase of $87.5 million, or approximately 20%, during the six months ended June 27, 2014 is primarily due to increased capacity utilization, the impact of a weakened Yen on our cost of revenues, costs savings realized from previous restructuring activities and a lower inventory write down, partially offset by decreased average selling prices.

Gross profit as a percentage of revenues increased from approximately 32.3% during the six months ended June 28, 2013 to approximately 35.8% during the six months ended June 27, 2014. This increase was primarily driven by favorable changes in volume and mix across certain product lines as well as a larger proportion of revenues generated from our Applications Products Group and Standard Products Group which experience higher gross margin levels than our System Solutions Group.

Operating Expenses

Research and development expenses were $162.3 million for the six months ended June 27, 2014 compared to $171.5 million for the six months ended June 28, 2013, representing a decrease of $9.2 million, or approximately 5%. This decrease in research and development expenses is primarily associated with our System Solutions Group and is attributable to decreased payroll related expenses resulting from our restructuring and cost saving activities, along with the impact of a weakened Yen. These decreases were partially offset by increased personnel costs in our Application Products Group and Standard Products Group along with increased performance-based compensation as a result of improved performance results for the six months ended June 27, 2014 compared to the six months ended June 28, 2013.

Selling and marketing expenses were $92.3 million for the six months ended June 27, 2014 compared to $83.1 million for the six months ended June 28, 2013, representing an increase of $9.2 million, or approximately 11%. This increase is primarily associated with increased sales commissions and increased payroll related expenses associated with performance-based compensation as a result of improved performance results for the six months ended June 27, 2014 compared to the six months ended June 28, 2013.

General and administrative expenses were $85.7 million for the six months ended June 27, 2014 compared to $76.4 million for the six months ended June 28, 2013, representing an increase of $9.3 million, or approximately 12%. This increase in general and administrative expenses is primarily associated with increased payroll related expenses associated with performance-based compensation as a result of improved performance results for the six months ended June 27, 2014 compared to the six months ended June 28, 2013, in addition to approximately $4.0 million in third-party acquisition related expenses.

Other Operating Expenses

Amortization of Acquisition—Related Intangible Assets

Amortization of acquisition-related intangible assets was $18.6 million and $16.6 million for the six months ended June 27, 2014 and June 28, 2013, respectively. The increase in amortization of acquisition-related intangible assets is attributable to the amortization of intangible assets assumed as a result of our acquisition of Truesense.

Restructuring, Asset Impairments and Other, Net

Restructuring, asset impairments and other, net was $9.9 million for the six months ended June 27, 2014 compared to $0.1 million for the six months ended June 28, 2013. The information below summarizes certain activities for each respective quarter. See Note 5: “Restructuring, Asset Impairments and Other, Net” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for additional information.

Six Months Ended June 27, 2014

During the fourth quarter of 2013, we initiated a voluntary retirement program for certain employees of our System Solutions Group subsidiaries in Japan (the “Q4 2013 Voluntary Retirement Program”). Approximately 350 employees opted to retire pursuant to the Q4 2013 Voluntary Retirement Program, of which 340 employees had retired by June 27, 2014. The remaining employees who accepted retirement packages are expected to retire by the end of 2014. As part of these restructuring activities, approximately 70 contractor positions were also identified for elimination, all of which were exited as of June 27, 2014. As an extension of this program, we also identified approximately 40 additional positions for elimination, consisting of 20 employees and 20 contractors, substantially all of which had existed by June 27, 2014. We anticipate total cost savings for the Q4 2013 Voluntary Retirement Program, which includes the above referenced headcounts, to be within the range of our previously disclosed expectations of $36 million to $45 million during the first year following the completion of the anticipated headcount reductions.

During the six months ended June 27, 2014, we initiated further voluntary retirement activities for certain of our System Solutions Group subsidiaries in Japan, applicable to an additional 60 to 70 positions, consisting of employees and contractors, which are expected to be eliminated during the third quarter of 2014.

During the six months ended June 27, 2014, we recorded net charges of approximately $2.8 million in connection with the Q4 2013 Voluntary Retirement Program, which consisted of employee severance charges of $7.3 million, partially offset by pension and related retirement liability adjustments associated with the affected employees, which resulted in a pension curtailment benefit of $4.5 million.

Additionally, during the six months ended June 27, 2014, we recorded approximately $5.3 million of net charges related to our previously announced plan to close our KSS facility.

Six Months Ended June 28, 2013

During the six months ended June 28, 2013, we initiated a voluntary retirement program for certain employees of our System Solutions Group. We recorded net charges of approximately $20.5 million in connection with this program, which consisted of employee severance charges of $32.4 million, partially offset by pension and related retirement liability adjustments associated with the affected employees, which resulted in a pension curtailment benefit of $11.9 million.

Additionally, during the six months ended June 28, 2013, we recorded $2.3 million of restructuring charges related to the announced closure of our Aizu facility for cost savings purposes. We also released approximately $21.0 million of associated cumulative foreign currency translation gains related to our subsidiary that owned the Aizu facility, which utilized the Japanese Yen as its functional currency. The related amount was recorded as a benefit to restructuring, asset impairments and other, net on the Company's Consolidated Statements of Operations and Comprehensive Income.

Operating Income

Information about operating income (loss) from our reportable segments for the six months ended June 27, 2014 and June 28, 2013 is as follows (in millions):

	Application Products Group	Standard Products Group	System Solutions Group	Total
Six months ended June 27, 2014:				
Segment operating income (loss)	$ 74.3	$ 120.9	$ (8.8)	$186.4
Six months ended June 28, 2013:				
Segment operating income (loss)	$ 49.7	$ 122.9	$ (68.7)	$103.9

Reconciliations of segment information to the financial statements is as follows (in millions):

	Six Months Ended	
	June 27, 2014	June 28, 2013
Operating income for reportable segments	$ 186.4	$ 103.9
Unallocated amounts:		
Restructuring, asset impairments and other charges, net	(9.9)	(0.1)
Other unallocated manufacturing costs	(11.6)	(10.6)
Other unallocated operating expenses (1)	(9.9)	(4.6)
Operating income	$ 155.0	$ 88.6

(1) Other unallocated operating expenses consist of expenses associated with certain corporate decisions and initiatives which do not impact expenses that are directly attributable to our reporting segments.

Interest Expense

Interest expense decreased by $3.4 million to $16.0 million during the six months ended June 27, 2014 compared to $19.4 million during the six months ended June 28, 2013. We recorded amortization of debt discount to interest expense of $3.3 million and $5.8 million for the six months ended June 27, 2014 and June 28, 2013, respectively. Our average long-term debt balance (including current maturities and net of debt discount) during the six months ended June 27, 2014 was $923.6 million at a weighted average interest rate of approximately 3.5%, compared to $964.7 million at a weighted average interest rate of approximately 4.0% during the six months ended June 28, 2013.

Other

Other expense increased by $6.8 million from income of $5.0 million for the six months ended June 28, 2013 to expenses of $1.8 million for the six months ended June 27, 2014. The increase is primarily attributable to certain foreign currency exchange movements that are not offset by our hedging activity.

Provision for Income Taxes

We recorded an income tax benefit of $10.0 million and $0.2 million during the six months ended June 27, 2014 and June 28, 2013, respectively.

The income tax benefit for the six months ended June 27, 2014 consisted of the reversal of $21.5 million of our previously established valuation allowance against our U.S. deferred tax assets as a result of a net deferred tax liability recorded as part of the Truesense acquisition and the reversal of $3.6 million for reserves and interest for uncertain tax positions in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the quarter ended June 27, 2014, partially offset by $12.9 million for income and withholding taxes of certain of our foreign and domestic operations and $2.2 million of new reserves and interest on existing reserves for uncertain tax positions in foreign taxing jurisdictions.

The income tax benefit for the six months ended June 28, 2013 consisted of the reversal of $6.0 million of valuation allowances against deferred tax assets of certain foreign subsidiaries and the reversal of $0.1 million for reserves of interest for potential liabilities in foreign jurisdictions, partially offset by $5.4 million for income and withholding taxes of certain of our foreign operations and $0.5 million of interest on existing reserves for potential liabilities in foreign taxing jurisdictions.

Our provision for income taxes is subject to volatility and could be adversely impacted by earnings being lower than anticipated in countries that have lower tax rates and earnings being higher than anticipated in countries that have higher tax rates. Our effective tax rate for the six months ended June 27, 2014 was a benefit of 7.3%, which differs from the U.S. statutory federal income tax rate of 35% due to our domestic tax losses and tax rate differential in our foreign subsidiaries, as well as the reversal of valuation allowances and certain reserves and interest for potential liabilities in foreign taxing jurisdictions that were effectively settled or for which the statute lapsed during the six months ended June 27, 2014. We continue to maintain a full valuation allowance on all of our domestic and substantially all of our Japan related deferred tax assets; however, it is reasonably possible that a substantial portion of the valuation allowance on our domestic deferred tax assets will be reversed within one year of June 27, 2014, which is not expected to have a material effect on the Company’s cash taxes. As of December 31, 2013, the valuation allowance on our domestic deferred tax assets was approximately $524 million.

Liquidity and Capital Resources

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

Contractual Obligations

As of June 27, 2014, there were no material changes outside of the ordinary course of business to the contractual obligations table, including notes thereto, contained in our 2013 Form 10-K. For information on long-term debt, see Note 7: “Long-Term Debt,” for operating leases see, Note 10: “Commitments and Contingencies” and for pension plans see Note 6: “Balance Sheet Information” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Our balance of cash, cash equivalents and short-term investments was $601.2 million as of June 27, 2014. We believe that our cash flows from operations, coupled with our existing cash and cash equivalents and short-term investments, will be adequate to fund our operating and capital needs for at least the next 12 months. Total cash and cash equivalents and short-term investments at June 27, 2014 include approximately $312.7 million available in the United States. In addition to cash and cash equivalents and short-term investments already on hand in the United States, we have the ability to obtain cash in the United States by settling loans with our foreign subsidiaries in order to cover our domestic needs, by utilizing existing credit facilities, or through new bank loans or debt obligations. We may consider utilizing our existing revolving credit facility to, in part, fund the acquisition of Aptina.

We hold a significant amount of cash, cash equivalents and short-term investments outside the United States in various foreign subsidiaries. As we intend to reinvest certain of our foreign earnings indefinitely, this cash held outside the United States in various foreign subsidiaries is not readily available to meet certain of our cash requirements in the United States. We require a substantial amount of cash in the United States for operating requirements, debt repayments and acquisitions. If we are unable to address our United States cash requirements through operations, borrowings under our current debt agreements or other sources of cash obtained at an acceptable cost, it may be necessary for us to consider repatriation of earnings that are permanently reinvested, and we may be required to pay additional taxes under current tax laws, which could have a material effect on our results of operations and financial condition.

See Note 7: “Long-Term Debt,” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q for a discussion of our long-term debt.

Off-Balance Sheet Arrangements

In the normal course of business, we enter into various operating leases for buildings and equipment including our mainframe computer system, desktop computers, communications, foundry equipment and service agreements relating to this equipment.

In the normal course of business, we provide standby letters of credit or other guarantee instruments to certain parties initiated by either our subsidiaries or us, as required for transactions including, but not limited to: material purchase commitments, agreements to mitigate collection risk, leases, utilities or customs guarantees. As of June 27, 2014, our senior revolving credit facility included a $40.0 million availability for the issuance of letters of credit. A $0.2 million letter of credit was outstanding under our senior revolving credit facility as of June 27, 2014. We also had outstanding guarantees and letters of credit outside of our senior revolving credit facility of $5.2 million as of June 27, 2014.

As part of securing financing in the normal course of business, we issued guarantees related to our receivables financing, capital lease obligations, equipment financing, lines of credit and real estate mortgages, which totaled approximately $62.9 million as of June 27, 2014. We are also a guarantor of SCI LLC’s unsecured loan with SMBC, which had a balance of $254.8 million as of June 27, 2014. See Note 7: “Long-Term Debt” and Note 10: “Commitments and Contingencies” of the notes to our unaudited consolidated financial statements found elsewhere in this Form 10-Q for additional information.

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

For our operating leases, we expect to make cash payments and similarly incur expenses totaling $88.0 million as payments come due. We have not recorded any liability in connection with these operating leases, letters of credit and guarantee arrangements. See Note 10: “Commitments and Contingencies” of the notes to our unaudited consolidated financial statements found elsewhere in this Form 10-Q for additional information.

Contingencies

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

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

We and our subsidiaries provide for indemnification of directors, officers and other persons in accordance with limited liability agreements, certificates of incorporation, by-laws, articles of association or similar organizational documents, as the case may be. We maintain directors’ and officers’ insurance, which should enable us to recover a portion of any future amounts paid.

In addition to the above, from time to time, we provide standard representations and warranties to counterparties in contracts in connection with sales of our securities and the engagement of financial advisers and also provide indemnities that protect the counterparties to these contracts in the event they suffer damages as a result of a breach of such representations and warranties or in certain other circumstances relating to the sale of securities or their engagement by us.

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

See Note 10: “Commitments and Contingencies” of the notes to our unaudited consolidated financial statements under the heading “Legal Matters” in this Form 10-Q for possible contingencies related to legal matters. See also Part I, Item 1 “Business—Government Regulation” of our 2013 Form 10-K for information on certain environmental matters.

Sources and Uses of Cash

We require cash to fund our operating expenses and working capital requirements, including outlays for research and development, capital expenditures, strategic acquisitions and investments, the repurchase of our stock and other Company securities, debt service, including principal and interest and capital lease payments. Our principal sources of liquidity are cash on hand, cash generated from operations and funds from external borrowings and equity issuances. In the near term, we expect to fund our primary cash requirements through cash generated from operations and cash and cash equivalents on hand and short-term investments.

As part of our business strategy, we review acquisition and divestiture opportunities and proposals on a regular basis. On April 30, 2014, we completed the purchase of Truesense, for a total purchase price of approximately $95.1 million, after closing adjustments for working capital amounts. Additionally, on June 9, 2014, we entered into a Merger Agreement with Aptina, pursuant to which, at the effective time of the merger, Aptina would become an indirect wholly-owned subsidiary of ON Semiconductor, for an estimated purchase price of approximately $400.0 million in cash, subject to customary closing adjustments. We may consider utilizing our existing revolving credit facility to, in part, fund the acquisition of Aptina. See Note 3: “Acquisitions” of the notes to our unaudited consolidated financial statements located elsewhere in this Form 10-Q for additional information.

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

- Factors that affect our results of operations and cash flows, including the impact on our business and operations as a result of changes in demand for our products, competitive pricing pressures, effective management of our manufacturing capacity, our ability to achieve further reductions in operating expenses, the impact of our restructuring programs on our production and cost efficiency and our ability to make the research and development expenditures required to remain competitive in our business; and
- Factors that affect our access to bank financing and the debt and equity capital markets that could impair our ability to obtain needed financing on acceptable terms or to respond to business opportunities and developments as they arise, including interest rate fluctuations, macroeconomic conditions, sudden reductions in the general availability of lending from banks or the related increase in cost to obtain bank financing and our ability to maintain compliance with covenants under our debt agreements in effect from time to time.

Our ability to service our long-term debt including our 2.625% Notes, Series B, to remain in compliance with the various covenants contained in our debt agreements and to fund working capital, capital expenditures and business development efforts will depend on our ability to generate cash from operating activities, which is subject to, among other things, our future operating performance, as well as to general economic, financial, competitive, legislative, regulatory and other conditions, some of which may be beyond our control.

If we fail to generate sufficient cash from operations, we may need to raise additional equity or borrow additional funds to achieve our longer term objectives. There can be no assurance that such equity or borrowings will be available or, if available, will be at rates or prices acceptable to us. We believe that cash flow from operating activities coupled with existing cash and cash equivalents, short-term investments and existing credit facilities will be adequate to fund our operating and capital needs as well as enable us to maintain compliance with our various debt agreements through at least the next twelve months. To the extent that results or events differ from our financial projections or business plans, our liquidity may be adversely impacted.

During the ordinary course of business, we evaluate our cash requirements and, if necessary, adjust our expenditures for inventory, operating expenditures and capital expenditures to reflect the current market conditions and our projected sales and demand. For example, during the six months ended June 27, 2014, we paid $96.5 million for capital expenditures, while during the six months ended June 28, 2013, we paid approximately $84.7 million for capital expenditures. Our current projection for capital expenditures for the remainder of 2014 is approximately $120 million to $130 million, of which our current minimum contractual commitment for the remainder of 2014 is approximately $59.6 million. Our current minimum contractual capital expenditure commitment for 2015 and thereafter is approximately $35.9 million. The capital expenditure levels can materially influence our available cash for other initiatives.

Primary Cash Flow Sources

Our long-term cash generation is dependent on the ability of our operations to generate cash. Our cash flows from operations is summarized as follows (in millions):

	Six Months Ended	
	June 27, 2014	June 28, 2013
Summarized cash flow from operating activities		
Net income	$ 147.6	$ 72.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	110.3	103.6
Provision for excess inventories	11.5	39.9
Non-cash share-based compensation expense	21.9	16.4
Non-cash interest	3.3	5.8
Non-cash foreign currency translation gain	—	(21.0)
Reversal of deferred tax asset valuation allowance	(21.5)	—
Other adjustments	4.9	(9.3)
Changes in assets and liabilities (exclusive of the impact of acquisitions):		
Receivables	(44.0)	(56.5)
Inventories	(13.4)	(33.3)
Other assets	—	32.1
Deferred income on sales to distributors	22.1	18.4
Other changes in assets and liabilities	(16.2)	(27.7)
Net cash provided by operating activities	$ 226.5	$ 140.4

Our ability to maintain positive operating cash flows is dependent on, among other factors, our success in achieving our revenue goals and manufacturing and operating cost targets.

Our management of our assets and liabilities, including both working capital and long-term assets and liabilities, also influences our operating cash flows and each of these components is discussed below.

Working Capital

Working capital, calculated as total current assets less total current liabilities, fluctuates depending on end-market demand and our effective management of certain items such as receivables, inventory and payables. In times of escalating demand, our working capital requirements may be affected as we purchase additional manufacturing materials and increase production. Our working capital may also be affected by restructuring programs, which may require us to use cash for severance payments, asset transfers and contract termination costs. In addition, our working capital may be affected by acquisitions, capital activities as part of our share repurchase program and transactions involving our convertible notes and other debt instruments. Our working capital, including cash and cash equivalents and short-term investments, was $892.3 million at June 27, 2014 and has fluctuated between $913.1 million and $669.1 million at the end of each of our last eight fiscal quarters. Although investments made to fund working capital will reduce our cash balances, these investments are necessary to support business and operating initiatives. During the six months ended June 27, 2014, our working capital was most significantly impacted by our capital expenditures, the acquisition of Truesense, the payments associated with our restructuring activities and the re-acquisition of the Company’s common stock. See Note 5: “Restructuring, Asset Impairments, and Other, Net” and Note 8: “Earnings Per Share and Equity“of the notes to our unaudited consolidated financial statements located elsewhere in this Form 10-Q for additional information. See also Note 3: “Acquisitions” of the notes to our unaudited consolidated financial statements located elsewhere in this Form 10-Q for additional information with respect to our acquisition activity.

Long-Term Assets and Liabilities

Our long-term assets consist primarily of property, plant and equipment, intangible assets and goodwill.

Our manufacturing rationalization plans have included efforts to utilize our existing manufacturing assets and supply arrangements more efficiently. We believe that near-term access to additional manufacturing capacity, should it be required, could be readily obtained on reasonable terms through manufacturing agreements with third parties. Cash capital expenditures were $96.5 million during the six months ended June 27, 2014, compared to cash capital expenditures of $84.7 million during the six months ended June 28, 2013. We will continue to look for opportunities to make future strategic purchases for additional capacity.

Our long-term liabilities, excluding long-term debt, consist of liabilities under our foreign defined benefit pension plans and contingent tax reserves. In regard to our foreign defined benefit pension plans, generally, our annual funding of these obligations is equal to the minimum amount legally required in each jurisdiction in which the plans operate. This annual amount is dependent upon numerous actuarial assumptions.

Key Financing and Capital Events

Overview

For the past several years, we have undertaken measures to repurchase shares of our common stock, reduce our long-term debt, reduce related interest costs, amend existing key financing arrangements and, in some cases, extend a portion of our debt maturities to continue to provide us additional operating flexibility. Certain of these measures continued during the six months ended June 27, 2014. Set forth below is a summary of certain key financing events during the six months ended June 27, 2014. For a further discussion of our debt instruments, see Note 7: “Long-Term Debt” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Share Repurchase Program

During the six months ended June 27, 2014, we purchased approximately 3.3 million shares of our common stock pursuant to our previously announced share repurchase program for an aggregate purchase price of approximately $30.2 million, exclusive of fees, commissions and other expenses, at a weighted average execution price per share of $9.27. See Note 8: “Earnings Per Share and Equity” of the notes to our unaudited consolidated financial statements under the heading “Equity—Share Repurchase Program” included elsewhere in this Form 10-Q for additional information. See also Part II, Item 2 “Unregistered Sales of Equity Securities and Use of Proceeds” included elsewhere in this Form 10-Q for information with respect to our share repurchase program.

Cash Management

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

Debt Guarantees and Related Covenants

Our 2.625% Notes, Series B are subordinated to the senior indebtedness of ON Semiconductor Corporation and its guarantor subsidiaries, as defined in Note 16: “Guarantor and Non-Guarantor Statements” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q, on the terms described in the indenture for such notes. As of June 27, 2014, we believe that we were in compliance with the indenture relating to our 2.625% Notes, Series B and with covenants relating to our senior revolving credit facility and various other debt agreements.

Recent Accounting Pronouncements

For a discussion of recent accounting pronouncements, see Note 2: “Recent Accounting Pronouncements” of the notes to our unaudited consolidated financial statements included elsewhere in this Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

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

At June 27, 2014, our long-term debt (including current maturities) totaled $904.9 million. We have no interest rate exposure to rate changes on our fixed rate debt, which totaled $416.4 million as of June 27, 2014. We do have interest rate exposure with respect to the $488.5 million balance of our variable interest rate debt outstanding as of June 27, 2014. A 50 basis point increase in interest rates would impact our expected annual interest expense for the next twelve months by approximately $2.4 million. However, some of this impact would be offset by additional interest earned on our cash and cash equivalents should rates on deposits and investments also increase.

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

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

We enter into forward foreign currency contracts that economically hedge the gains and losses generated by the re-measurement of certain recorded assets and liabilities in non-functional currencies. Changes in the fair value of these undesignated hedges are recognized in other income and expense immediately as an offset to the changes in fair value of the assets or liabilities being hedged. The notional amount of foreign exchange contracts at June 27, 2014 and December 31, 2013 was $132.5 million and $101.7 million, respectively. Our policies prohibit speculation on financial instruments, trading in currencies for which there are no underlying exposures, or entering into trades for any currency to intentionally increase the underlying exposure.

Substantially all of our revenue is transacted in United States Dollars. However, a significant amount of our operating expenditures and capital purchases are transacted in local currencies, including: Japanese Yen, Euros, Malaysian Ringgit, Philippines Peso, Singapore Dollars, Swiss Francs, Chinese Renminbi, Czech Koruna, and British Pounds Sterling. Due to the materiality of our transactions in these local currencies, our results are impacted by changes in currency exchange rates measured against the United States Dollar. For example, we determined that based on a hypothetical weighted-average change of 10% in currency exchange rates, our results would have impacted our income before taxes by approximately $29.7 million as of June 27, 2014, assuming no offsetting hedge positions.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e)) of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

On April 30, 2014, we acquired Truesense, which operated under its own set of systems and internal controls. We are separately maintaining Truesense's systems and much of its control environment until we are able to incorporate Truesense's processes into our own systems and control environment. We currently expect to complete the integration of Truesense's operations into our systems and control environment by December 31, 2014.

Other than as described above, there have been no changes to our internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) that occurred during the fiscal quarter ended June 27, 2014 which have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II: OTHER INFORMATION

Item 1. Legal Proceedings

See Note 10: “Commitments and Contingencies” under the heading “Legal Matters” of the notes to the consolidated unaudited financial statements included elsewhere in this Form 10-Q for legal proceedings and related matters. See also Part I, Item 1 “Business - Government Regulation” of our 2013 Form 10-K for information on certain environmental matters.

Item 1A. Risk Factors

There have been no material changes in our assessment of our risk factors included in our 2013 Form 10-K. This Form 10-Q includes “forward-looking statements,” as that term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Exchange Act. All statements, other than statements of historical facts, included or incorporated in this Form 10-Q could be deemed forward-looking statements, particularly statements about our plans, strategies and prospects under the heading “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Forward-looking statements are often characterized by the use of words such as “believes,” “estimates,” “expects,” “projects,” “may,” “will,” “intends,” “plans,” or “anticipates,” or by discussions of strategy, plans or intentions. All forward-looking statements in this Form 10-Q are made based on our current expectations, forecasts, estimates and assumptions, and involve risks, uncertainties and other factors that could cause results or events to differ materially from those expressed in the forward-looking statements. 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, 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 Commission 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 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 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, risks related to new legal requirements and risks involving environmental or other governmental regulation. Additional factors that could affect our future results or events are described under Part I, Item 1A “Risk Factors” in our 2013 Form 10-K, and from time to time in our other Commission reports. You should carefully consider the trends, risks and uncertainties described in this Form 10-Q, the 2013 Form 10-K and subsequent reports filed with or furnished to the Commission before making any investment decision with respect to our securities. If any of these trends, risks or uncertainties actually occurs or continues, our business, financial condition or operating results could be materially adversely affected, the trading prices of our securities could decline, and you could lose all or part of your investment.

Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.

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

Issuer Purchases of Equity Securities

Share Repurchase Program

The following table provides information regarding repurchases of our common stock during the quarter ended June 27, 2014. Also see Note 8: "Earnings Per Share and Equity" of the notes to our unaudited consolidated financial statements under the heading "Equity - Share Repurchase Program" included elsewhere in this Form 10-Q for additional information on this share repurchase program.

Period (1)	(a) Total Number of Shares Purchased	(b) Average Price Paid per Share ($)	(c) Total Number of Shares Purchased as Part of Publicly Announced Program	(d) Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program ($) (2)
Month #1				
March 29, 2014 - April 25, 2014	868,881	$ 9.62	868,881	114,957,369
Month #2				
April 26, 2014 - May 23, 2014	188,330	9.35	188,330	113,197,386
Month #3				
May 24, 2014 - June 27, 2014	—	—	—	113,197,386
Total	1,057,211	$ 9.57	1,057,211	

(1) These time periods represent our fiscal month start and end dates for the second quarter of 2014.

(2) On August 2, 2012, we announced a share repurchase program ("Share Repurchase Program") for up to $300.0 million of our common stock over a three year period beginning with the final approval date, exclusive of any fees, commissions or other expenses. The Share Repurchase Program was conditionally approved by our Board on July 30, 2012, subject to final approval of a Special Committee of the Board, which approval was obtained on August 1, 2012.

Under the Share Repurchase Program, we may repurchase our common stock from time to time in privately negotiated transactions or open market transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 and Rule 10b-18 of the Exchange Act, or by any combination of such methods or other methods. The timing of any repurchases and the actual number of shares repurchased will depend on a variety of factors, including our stock price, corporate and regulatory requirements, restrictions under our debt obligations, and other market and economic conditions. The Share Repurchase Program does not require us to purchase any particular amount of common stock and may be suspended or discontinued at any time. During the second quarter of 2014, we repurchased approximately 1.1 million shares of common stock under the Share Repurchase Program for an aggregate purchase price of approximately $10.1 million, exclusive of fees, commissions and other expenses, at a weighted average execution price per share of $9.57. These repurchases were made in open market transactions, including pursuant to a trading plan in accordance with Rule 10b5-1 and Rule 10b-18 of the Exchange Act. At June 27, 2014, approximately $113.2 million remained of the total authorized amount to purchase common stock pursuant to the Share Repurchase Program. This table does not include shares tendered to us to satisfy the exercise price in connection with cashless exercises of employee stock options or shares tendered to us to satisfy tax withholding obligations in connection with the vesting of time and performance based restricted stock units issued to employees.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

None.

Item 5. Other Information

None.

Item 6. Exhibits

EXHIBIT INDEX

Exhibit No.	Exhibit Description*
2.1	Agreement and Plan of Merger by and among ON Semiconductor Benelux B.V., Alpine Acquisition Sub, Aptina, Inc. and Fortis Advisors LLC, as Equityholder Representative, dated as of June 9, 2014(1)(2)(4)
10.1	Amended and Restated Credit Agreement by and among ON Semiconductor Corporation, Semiconductor Components Industries, LLC, the lenders party thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and Bank of America, N.A., The Royal Bank of Scotland plc and Sumitomo Mitsui Banking Corporation, as Co-Syndication Agents, dated as of October 10, 2013(2)
31.1	Certification by CEO pursuant to Rule 13(a) - 14(a) or 15d - 14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002(2)
31.2	Certification by CFO pursuant to Rule 13(a) - 14(a) or 15d - 14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of Sarbanes-Oxley Act of 2002(2)
32.1	Certification by CEO and CFO pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002(3)
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

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

(1) Schedules omitted pursuant to Item 601(b)(2) of Regulation SK under the Securities Exchange Act of 1934, as amended. The Company agrees to furnish a supplemental copy of any omitted schedule to the Commission upon request.

(2) Filed herewith.

(3) Furnished herewith.

(4) The purchase agreement filed herewith has been provided solely to inform investors of its terms and does not guarantee that the transaction with Aptina, Inc. will close when anticipated, or at all, or that it will not close subject to materially different terms than those reflected in the purchase agreement. The representations, warranties and covenants contained in this filed purchase agreement were made only for the purposes of such agreement and as of specific dates, were made solely for the benefit of the parties to the purchase agreement and may be intended not as statements of fact, but rather as a way of allocating risk to one of the parties if those statements prove to be inaccurate. In addition, such representations, warranties and covenants may have been qualified by certain disclosures not reflected in the text of the purchase agreement and may apply standards of materiality in a way that is different from what may be viewed as material by stockholders of, or other investors in, the Company. The Company's stockholders and other investors are not third-party beneficiaries under the purchase agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts of conditions of the Company or any of its respective subsidiaries or affiliates.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ON SEMICONDUCTOR CORPORATION
(Registrant)

Date: July 31, 2014

By: /s/ BERNARD GUTMANN
Bernard Gutmann

Executive Vice President, Chief Financial Officer & Treasurer (Principal Financial Officer, Principal Accounting Officer and officer duly authorized to sign this report)

Table of Contents

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(1) Schedules omitted pursuant to Item 601(b)(2) of Regulation SK under the Securities Exchange Act of 1934, as amended. The Company agrees to furnish a supplemental copy of any omitted schedule to the Comission upon request.

(2) Filed herewith.

(3) Furnished herewith.

(4) The purchase agreement filed herewith has been provided solely to inform investors of its terms and does not guarantee that the transaction with Aptina, Inc. will close when anticipated, or at all, or that it will not close subject to materially different terms than those reflected in the purchase agreement. The representations, warranties and covenants contained in this filed purchase agreement were made only for the purposes of such agreement and as of specific dates, were made solely for the benefit of the parties to the purchase agreement and may be intended not as statements of fact, but rather as a way of allocating risk to one of the parties if those statements prove to be inaccurate. In addition, such representations, warranties and covenants may have been qualified by certain disclosures not reflected in the text of the purchase agreement and may apply standards of materiality in a way that is different from what may be viewed as material by stockholders of, or other investors in, the Company. The Company's stockholders and other investors are not third-party beneficiaries under the purchase agreement and should not rely on the representations, warranties and covenants or any descriptions thereof as characterizations of the actual state of facts of conditions of the Company or any of its respective subsidiaries or affiliates.

Exhibit 2.1

EXECUTION COPY

AGREEMENT AND PLAN OF MERGER

by and among

ON Semiconductor Benelux B.V.,

Alpine Acquisition Sub,

Aptina, Inc.

and

Fortis Advisors LLC,

as Equityholder Representative

Dated as of June 9, 2014

TABLE OF CONTENTS

TABLE OF CONTENTS *(continued)*

TABLE OF ANNEXES

TABLE OF EXHIBITS

TABLE OF SCHEDULES

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER, dated as of June 9, 2014 (this "Agreement"), among ON Semiconductor Benelux B.V., a private company with limited liability incorporated and validly existing under the laws of the Netherlands ("Purchaser"), Alpine Acquisition Sub, a Cayman Islands exempted company limited by shares ("Merger Sub"), Aptina, Inc., a Cayman Islands exempted company limited by shares (the "Company"), and Fortis Advisors LLC, a Delaware limited liability company, in its capacity as representative of the Indemnifying Holders (the "Equityholder Representative"). Capitalized terms used in this Agreement but not otherwise defined shall have the meanings set forth in Annex A to this Agreement.

RECITALS

A. The boards of directors of each of the Company, Purchaser and Merger Sub have (i) determined that the merger of Merger Sub with and into the Company (the "Merger") would be advisable and fair to, and in the best interests of, their respective shareholders and (ii) approved the Merger upon the terms and subject to the conditions set forth in this Agreement pursuant to the Cayman Islands Companies Law (the "CICL") and the Dutch Corporate Law, as applicable.

B. Micron Technology, Inc. ("Micron") and its "Permitted Transferees" (as defined in the Amended and Restated Articles of Association of the Company), if any, have executed a waiver, in substantially the form attached as Schedule A, of the "Right of First Offer on Change of Control of the Company" and all related provisions, as described in the Amended and Restated Articles of Association of the Company.

C. As consideration for the Merger and subject to the terms and conditions set forth in this Agreement, Purchaser will pay to the Shareholders, Optionholders and the RSU holder an aggregate of $400,000,000 (the "Purchase Price"), subject to adjustment as may be set forth in this Agreement for all Ordinary Shares, Preferred Shares, Options and RSUs.

D. A portion of the Merger Consideration shall be placed in escrow by Purchaser (the "Escrow Fund") pursuant to Section 1.12 (*Escrow*) hereof and governed by the terms of this Agreement and the Escrow Agreement to be executed and delivered at the Closing.

E. Immediately after the execution and delivery of this Agreement, the Company shall (i) call an extraordinary general meeting of all Shareholders listed in Schedule B for the purpose of considering and if thought fit, or (ii) solicit a unanimous written resolution of all Shareholders listed in Schedule B for the purpose of, adopting this Agreement and approving the consummation of the transactions contemplated hereby, including the Merger, pursuant to resolutions in substantially the form attached as Schedule C (the "Resolutions").

F. For U.S. federal income tax purposes, the parties hereto intend to disregard the transitory existence of Merger Sub and treat the Merger as Purchaser's taxable acquisition of all of the outstanding equity interests of the Company.

In consideration of the foregoing and the representations, warranties, covenants and agreements herein contained, and intending to be legally bound hereby, the parties agree as follows:

ARTICLE 1
THE MERGER

Section 1.1 The Merger. On the terms and subject to the conditions of this Agreement, at the Effective Time and in accordance with the CICL, Merger Sub shall be merged with and into the Company pursuant to which (a) the separate corporate existence of Merger Sub shall cease, (b) the Company shall be the surviving company in the Merger (the "Surviving Company") and shall continue its corporate existence under the laws of the Cayman Islands as a wholly-owned Subsidiary of Purchaser, (c) all of the rights and property of every description, including choses in action, and the business, undertaking, goodwill, benefits, immunities and privileges of each of the Company and Merger Sub shall immediately vest in the Surviving Company, and (d) the Surviving Company shall be liable for, and subject to, in the same manner as the Company and Merger Sub, all mortgages, charges or security interests, and all contracts, obligations, claims, debts, and liabilities of each of the Company and Merger Sub.

Section 1.2 Closing; Effective Time.

(a) The closing of the Merger (the "Closing") shall take place at the offices of Simpson Thacher & Bartlett LLP, 2475 Hanover Street, Palo Alto, California, as soon as reasonably practicable, but in no event later than two (2) Business Days after satisfaction or, to the extent permitted by Applicable Law, waiver of all conditions to the obligations of the parties set forth in Article 5 (*Conditions to Closing*) (other than such conditions as may, by their terms, only be satisfied at the Closing or on the Closing Date), or at such other place or on such other date as the parties may mutually agree in writing. The day on which the Closing takes place is referred to as the "Closing Date."

(b) As soon as practicable on the Closing Date, the parties shall cause a plan of merger substantially in the form attached hereto as Exhibit A (the "Plan of Merger"), signed by a duly authorized director of each of the Company and Merger Sub, and each certificate, declaration and undertaking required under Section 233 of the CICL to be filed with the Cayman Islands Registrar of Companies. The Merger shall become effective upon the filing of the Plan of Merger with the Cayman Islands Registrar of Companies or at such other time as the parties shall agree and as shall be specified in the Plan of Merger. The date and time when the Merger shall become effective is herein referred to as the "Effective Time."

Section 1.3 Effects of the Merger. The Merger shall have the effects as set forth herein and in the applicable provisions of the CICL.

Section 1.4 Memorandum and Articles of Association. From and after the Effective Time, the memorandum and articles of association of the Surviving Company shall be amended and restated to conform to the memorandum and articles of association of Merger Sub, as in effect immediately prior to the Effective Time, in the form attached as Exhibit B until amended in accordance with the provisions thereof and Applicable Law.

Section 1.5 Directors; Officers. From and after the Effective Time, (a) the directors of Merger Sub serving immediately prior to the Effective Time shall be the directors of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be, and (b) the officers of Merger Sub serving immediately prior to the Effective Time shall be the officers of the Surviving Company until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

Section 1.6 Payment of Dividend on Series B Preferred Shares. Immediately prior to the Effective Time, all accrued but unpaid dividends on the Series B preferred shares, par value $0.25 per

share, of the Company (the "Series B Preferred Shares") issued and outstanding as of such time shall be paid in kind to the holders thereof in accordance with the terms of the Amended and Restated Articles of Association of the Company.

Section 1.7 Effect on Share Capital. At the Effective Time, by virtue of the Merger and without any further action on the part of Purchaser, Merger Sub, the Company or any holder of any Ordinary Shares or Preferred Shares (collectively, the "Shares") or any shares in the capital of Merger Sub:

(a) each Share issued and outstanding immediately prior to the Effective Time (other than any Dissenting Shares) shall be cancelled in exchange for the right to receive (i) an amount in cash equal to the Closing Date Per Share Merger Consideration in respect of such Share without interest pursuant this Agreement, at the respective times and subject to the contingencies specified herein and (ii) the amount of Cash held by the Company immediately prior to the Effective Time and distributed with respect to each Share in accordance with Section 4.19;

(b) each ordinary share of the Company, par value $0.25 per share, or preferred share of the Company, par value $0.25 per share, that is held in the treasury of the Company or owned by the Company or any of its wholly owned Subsidiaries immediately prior to the Effective Time shall automatically be cancelled and retired and shall cease to exist, and no cash or other consideration shall be delivered or deliverable in exchange therefor; and

(c) each ordinary share, par value $1.00 per share, of Merger Sub issued and outstanding immediately prior to the Effective Time shall be converted into and become one (1) fully paid ordinary share, par value $1.00 per share, of the Surviving Company.

Section 1.8 Dissenting Shares.

(a) Notwithstanding anything in this Agreement to the contrary, each Share outstanding immediately prior to the Effective Time and held by a Shareholder who has properly and validly exercised such Shareholder's right to dissent, pursuant to Section 238 of the CICL, to the Merger (a "Dissenting Share"), shall be cancelled in exchange for the right to receive only the payment of the fair value of such Dissenting Shares in accordance with Section 238 of the CICL, unless and until such Shareholder fails to perfect or withdraws or otherwise loses his right to dissent under the CICL at which time such Shares shall cease to be Dissenting Shares and shall be deemed to have been cancelled at the Effective Time in consideration for the right to receive the Closing Date Per Share Merger Consideration (in accordance with Section 1.7(a) (*Effect on Share Capital*)) without interest.

(b) If, after the Effective Time, any such Shareholder fails to perfect or withdraws or otherwise loses his right to dissent, each Dissenting Share shall thereupon be treated as if it had been cancelled as of the Effective Time in exchange for the right to receive the Closing Date Per Share Merger Consideration, if any, to which such Shareholder is entitled, without interest. The Company shall give Purchaser (i) prompt notice of any dissent notices received by the Company in respect of the Merger, attempted written withdrawals of such dissent notices, and any other instruments served pursuant to the CICL and received by the Company relating to shareholders' rights to dissent with respect to the Merger and (ii) the opportunity to direct all negotiations and proceedings with respect to any exercise of such dissent rights under the CICL. The Company shall not, except with the prior written consent of Purchaser (which shall not be unreasonably withheld, conditioned or delayed), voluntarily make any payment with respect to any demands for payment of fair value for shares of the Company, offer to settle or settle any such demands or approve any withdrawal of any such demands.

(c) Each of Purchaser, Merger Sub and the Company agrees that the Merger Consideration, subject to adjustment as may be set forth in this Agreement, represents the fair value of the shares of the Company for the purposes of Section 238(8) of the CICL.

Section 1.9 Options and Restricted Stock Units.

(a) Purchaser shall not assume or otherwise replace any Options in connection with the transactions contemplated hereby. With respect to Options, other than Unvested Performance-Based Options, upon the terms and subject to the conditions set forth in this Agreement, at the Closing, by virtue of the transactions contemplated hereby and without any action on the part of Purchaser, Merger Sub, the Company or the Optionholders, each Option, other than an Unvested Performance-Based Option, that is outstanding and unexercised immediately prior to the Closing shall be cancelled, extinguished and automatically converted into the right to receive an amount in cash, without interest, equal to the product obtained by multiplying (i) the aggregate number of Ordinary Shares subject to such Option immediately prior to the Closing by (ii) the excess, if any, of the Closing Date Per Share Merger Consideration over the exercise price per share of such Option (the "Option Consideration") (it being understood and agreed that such exercise price shall not actually be paid to the Company by the holder of an Option and further understood and agreed that with respect to each Option for which the exercise price equals or exceeds the Closing Date Per Share Merger Consideration, such Option shall be cancelled and extinguished without consideration). The aggregate amount of the Option Consideration payable with respect to the Options is referred to herein as the "Option Payoff Amount". Following the Closing, the Surviving Company shall pay to the applicable Optionholders the Option Consideration less applicable taxes required to be withheld with respect to such payments. To the extent that such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(b) With respect to Options that are subject to a performance-based vesting schedule, prior to the Closing, the Board shall take all necessary and appropriate actions, as required by Section 4.3.2 of the Company Option Plan and the applicable provisions of the option agreements entered into with respect to such Options, to determine the extent to which the applicable performance conditions will not be satisfied prior to or in connection with the transactions contemplated hereby and the portion of the Option that will thereby immediately terminate (such portion referred to as an "Unvested Performance-Based Option"). At the Closing, each Unvested Performance-Based Option shall be cancelled and shall be of no further force or effect, and the holder thereof shall not be entitled to any cash payment, options to purchase shares of common stock of Purchaser or other consideration in respect thereof.

(c) Purchaser shall not assume or otherwise replace any RSUs in connection with the transactions contemplated hereby. Upon the terms and subject to the conditions set forth in this Agreement, at the Closing, by virtue of the transactions contemplated hereby and without any action on the part of Purchaser, Merger Sub, the Company or the RSU holder, the RSUs that are outstanding immediately prior to the Closing shall be cancelled, extinguished and automatically converted into the right to receive an amount in cash, without interest, equal to the product obtained by multiplying (i) the aggregate number of Ordinary Shares subject to such RSUs immediately prior to the Closing by (ii) the Closing Date Per Share Merger Consideration (the "RSU Consideration"). Following the Closing, the Surviving Company shall pay to the RSU holder the RSU Consideration less applicable taxes required to be withheld with respect to such payments. To the extent that such amounts are so deducted or withheld, such amounts shall be treated for all purposes under this Agreement as having been paid to the Person to whom such amounts would otherwise have been paid.

(d) The Company shall, promptly after the date hereof and prior to the Closing, use its reasonable best efforts to take or cause to be taken all actions (including adopting all resolutions,

providing any notices and procuring any consents, after obtaining Purchaser's review and approval of the forms thereof) that are required under the Company Option Plan, Applicable Law or the applicable award agreements, or are otherwise reasonably necessary or appropriate, to effect the treatment of Options and RSUs contemplated by this Section 1.9. Any notices, consents or other communications to holders of Options or RSUs will be subject to the review and approval of Purchaser, which shall not be unreasonably withheld, conditioned or delayed.

Section 1.10 Payment for Shares.

(a) At least ten (10) Business Days prior to the Effective Time, Purchaser shall designate a bank or trust company to act as paying agent in connection with the Merger (the "Paying Agent") pursuant to a paying agent agreement reasonably acceptable to the Company (the "Paying Agent Agreement"), providing for, among other things, the matters set forth in Section 1.10. Subject to Section 6.3 (*Manner of Indemnification; Escrow*), on the Closing Date, immediately following the Closing, Purchaser shall, or shall cause the Surviving Company to, transfer to the Paying Agent for exchange in accordance with this Article 1 the consideration to which the Shareholders shall be entitled at the Effective Time in exchange for the Shares pursuant to Section 1.7 (*Effect on Share Capital*) and calculated in accordance with Section 1.11(a) (*Merger Consideration*).

(b) As promptly as practicable following the Closing Date, the Surviving Company shall update its register of members maintained pursuant to Section 40 of the CICL (the "Register of Members") and, to the extent not previously completed and submitted, shall cause the Paying Agent to mail or distribute electronically (or cause to be mailed or distributed electronically) to each holder of record of (i) a certificate or certificates that, immediately prior to the Effective Time, evidenced outstanding Shares (the "Certificates") or (ii) Shares represented by book-entry only (the "Book-Entry Shares") and in each case whose Shares were cancelled in exchange for the right to receive the consideration described in Section 1.7 (*Effect on Share Capital*), (A) a letter of transmittal in a customary form reasonably acceptable to Purchaser and the Company (the "Letter of Transmittal") and (B) instructions for use in effecting the surrender of the Certificates, or, in the case of Book-Entry Shares, in accordance with the procedures set forth in the Letter of Transmittal, in exchange for payment therefor. Upon surrender of a Certificate or of a Book-Entry Share for cancellation to the Paying Agent or such other agent or agents as may be appointed by Purchaser, together with a duly executed Letter of Transmittal, the holder of such Certificate or Book-Entry Share shall be entitled to receive in exchange therefor, and Purchaser shall cause the Paying Agent to pay to the holder of such Certificate or Book-Entry Share (as promptly as practicable) an amount in cash equal to (A) the Closing Date Per Share Merger Consideration (after taking into account deductions for the proportionate portions of the Escrow Amount pursuant to Section 1.12 (*Escrow*)), multiplied by (B) the number of Shares formerly represented by such Certificate or such Book-Entry Share, without interest, and such Certificate or such Book-Entry Share shall, upon such surrender, be cancelled. The parties acknowledge and agree that it is the expectation that the Company's controlling Shareholders will complete and submit Certificates and Letters of Transmittal prior to the Closing Date so as to enable such Shareholders to receive payment from the Paying Agent on the Closing Date. If payment in respect of any Certificate is to be made to a Person other than the Person in whose name such Certificate is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or shall otherwise be in proper form for transfer, that the signatures on such Certificate or any related stock power shall be properly guaranteed and that the Person requesting such payment shall have established to the satisfaction of Purchaser and the Paying Agent that any transfer and other Taxes required by reason of such payment to a Person other than the registered holder of such Certificate have been paid or are not applicable. Until surrendered in accordance with the provisions of this Section 1.10, any Certificate or Book-Entry Share (other than Certificates or Book-Entry Shares representing Dissenting Shares) shall be deemed, at any time after the Effective Time, to represent only the right to receive the portion of the Merger Consideration payable with respect thereto, in cash, without interest, as contemplated herein.

(c) The Company shall procure that after the Effective Time and registering the transfers of Shares contemplated by the Transactions, the Register of Members of the Company shall be closed for transfers for a period of ninety (90) days (the "Closure Period") and during such Closure Period there shall be no further registration of transfers of any Shares on the Register of Members. If, after the Effective Time, a Certificate is presented to the Surviving Company, it shall be cancelled and exchanged as set forth in this Section 1.10.

(d) If any Certificate shall have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the holder thereof, the Surviving Company shall pay or cause to be paid in exchange for such lost, stolen or destroyed Certificate the relevant portion of the Merger Consideration payable in respect thereof pursuant to Section 1.10(b) above for the Shares represented thereby, *provided*, *however*, that the Surviving Company or the Paying Agent may, in their discretion, require the delivery of an indemnity from the holder of any such lost, stolen or destroyed Certificate that is satisfactory to Purchaser.

(e) Any cash paid upon conversion of the Shares in accordance with the terms of this Article shall be deemed to have been paid in full satisfaction of all rights pertaining to such Shares. From and after the Effective Time, the holders of Certificates or Book-Entry Shares shall cease to be Shareholders of the Company and to have any rights with respect to Shares represented thereby, except as otherwise set forth herein or by Applicable Law.

(f) Promptly following the date that is six (6) months after the Effective Time, Purchaser shall be entitled to require the Paying Agent to deliver to it any funds (including any interest or other income received with respect thereto) that had been made available to the Paying Agent and that have not been disbursed to holders of Shares, and thereafter such holders shall be entitled to look to Purchaser only as general creditors thereof with respect to any portion of the Merger Consideration payable upon due surrender of their respective Certificates or Book-Entry Shares, without interest. Notwithstanding anything to the contrary in this Section 1.10, to the fullest extent permitted by Law, none of the Paying Agent, Purchaser or the Surviving Company shall be liable to any holder of a Certificate or Book-Entry Share for any amount properly delivered to a public official pursuant to any applicable abandoned property, escheat or similar Law.

Section 1.11 Merger Consideration; Certified Closing Report.

(a) Subject to adjustment in accordance with Section 1.13 (*Post-Closing Adjustment*), the aggregate consideration payable by Purchaser in respect of all of the Shares, Options and RSUs pursuant to this Article shall be an amount equal to: the Purchase Price, plus (i) the amount (if any) by which Estimated Net Cash is greater than zero, minus (ii) the amount (if any) by which Estimated Net Cash is less than zero, plus (iii) the amount (if any) by which the Estimated Net Working Capital is greater than the Target Net Working Capital (the "Estimated Net Working Capital Excess"), minus (iv) the amount (if any) by which Estimated Net Working Capital is less than the Target Net Working Capital (the "Estimated Net Working Capital Shortfall"), minus (v) the Micron Price, solely in the event that the Micron Acquisition is not consummated prior to the Closing, calculated as if such Micron Acquisition had occurred on the Closing Date, minus (vi) the Estimated Transaction Expenses, plus (vii) the Aggregate Exercise Price (the "Merger Consideration"); *provided* that for purposes of clauses (iii) and (iv) above, no increase shall be made to the Merger Consideration for Estimated Net Working Capital Excess unless the amount of the Estimated Net Working Capital Excess (if any) exceeds the Threshold Amount, and no decrease shall be made to the Merger Consideration for Estimated Net Working Capital Shortfall unless the amount of the Estimated Net Working Capital Shortfall (if any) exceeds the Threshold Amount.

(b) The Company shall prepare in good faith and deliver to Purchaser five (5) Business Days prior to the Closing Date a report in a form reasonably acceptable to the Company and Purchaser (the "Certified Closing Report"), certified by the Vice President and Controller of the Company, including: (i) an unaudited consolidated balance sheet as of the Closing Date of the Company and its Subsidiaries prepared in accordance with the Accounting Practices and Procedures (the "Estimated Balance Sheet") and setting forth the Company's calculation of Net Working Capital prepared in accordance with the Accounting Practices and Procedures ("Estimated Net Working Capital"), (ii) a statement of the Company's Indebtedness as of the Closing and the Company's calculation of Net Cash as of the Closing ("Estimated Net Cash"), (iii) a Transaction Expenses Schedule identifying all Transaction Expenses unpaid as of the Closing ("Estimated Transaction Expenses"), (iv) a statement of the calculation of the Merger Consideration, (v) a statement of the calculation of the Closing Date Per Share Merger Consideration and a list of each Shareholder, including each such Shareholder's name, address (and email address to the extent available) and the number of Shares held by such Shareholder, in each case, as of the date of the Certified Closing Report, and (vi) a statement of the calculation of the Option Consideration and the RSU Consideration and (vii) reasonably detailed supporting calculations with respect to each of the foregoing.

(c) On the day preceding the Closing Date, the Company shall conduct a physical count of all Inventory of the Company and each of its Subsidiaries, whether on hand, in transit or at any third party location, after the close of business on such day, and shall prepare in good faith and deliver to Purchaser the Company's calculation of Inventory as of the day preceding the Closing Date (including a worksheet setting forth in reasonable detail how such Inventory was calculated) no later than five (5) days following the Closing Date (the "Closing Inventory"). The Company and Purchaser shall mutually agree in advance on a plan for the physical count of the Inventory, and Purchaser or Representatives of Purchaser shall be entitled to observe the physical count of the Inventory pursuant to such plan. For purposes of determining the Closing Inventory pursuant to this Section 1.11, the Inventory shall be valued in accordance with the methodology used by the Company in the preparation of the Financial Statements.

Section 1.12 Escrow; Expense Fund. At the Effective Time and notwithstanding the terms of Section 1.11 (*Merger Consideration; Certified Closing Report*), Purchaser shall withhold from the Merger Consideration payable (a) to the holders of Shares pursuant to Section 1.7(a) and (b) (*Effect on Share Capital*) to the holders of Options and RSUs pursuant to Section 1.9 (*Options and Restricted Stock Units*), and deliver to the Escrow Agent the Escrow Amount and deliver to the Equityholder Representative the Expense Fund, which shall be used to pay the fees, costs and expenses of the Equityholder Representative in accordance with Section 6.4 (*Equityholder Representative*). The pro rata amount included in the Escrow Amount with respect to any holder of Shares, Options or RSUs, as applicable, shall be based upon the aggregate amount of the Merger Consideration that each such holder of Shares is entitled to receive pursuant to Section 1.7 (*Effect on Share Capital*) and each holder of Options or RSUs is entitled to receive pursuant to Section 1.9 (*Options and Restricted Stock Units*) (such pro rata amount, the "Proportionate Share"). The parties acknowledge and agree that the Escrow Amount is intended to be treated as an installment obligation as to the holders of Shares for purposes of Section 453 of the Code, and no party shall take any action or filing position inconsistent with such characterization except to the extent required by Applicable Law.

Section 1.13 Post-Closing Adjustment.

(a) Within sixty (60) days after the Closing Date, Purchaser shall deliver to the Equityholder Representative a statement (the "Post-Closing Statement") setting forth (i) an unaudited

consolidated balance sheet as of the Closing Date of the Company and its Subsidiaries, prepared in accordance with the Accounting Practices and Procedures, (ii) Purchaser's good faith calculation of Indebtedness, Net Cash and Net Working Capital as of immediately prior to the Effective Time, prepared in accordance with the Accounting Practices and Procedures and (iii) Purchaser's calculation of any necessary adjustment to the Merger Consideration in accordance with Section 1.13(e) and Section 1.13(f) below.

(b) During the thirty (30) day period following delivery of the Post-Closing Statement to the Equityholder Representative, Purchaser shall provide the Equityholder Representative and its Representatives with reasonable access during normal business hours upon reasonable advance notice to the working papers of Purchaser relating to the Post-Closing Statement, and Purchaser shall, and shall cause its Representatives to, cooperate reasonably with the Equityholder Representative and its Representatives to provide them with other information used in preparing the Post-Closing Statement reasonably requested by the Equityholder Representative and its Representatives including, upon reasonable advance notice, access during normal business hours to relevant personnel and records of Purchaser. The Post-Closing Statement shall become final and binding thirty (30) days following delivery thereof, unless prior to the end of such period, the Equityholder Representative delivers to Purchaser written notice of its disagreement (a "Notice of Disagreement") specifying the nature and amount of any disputed item. The Equityholder Representative shall be deemed to have agreed with all items and amounts in the Post-Closing Statement not specifically referenced in the Notice of Disagreement, and such items and amounts shall not be subject to review under Section 1.13(c) and Section 1.13(d) below.

(c) During the ten (10) day period following delivery of a Notice of Disagreement by the Equityholder Representative to Purchaser, the parties shall seek in good faith to resolve any differences that they may have with respect to the matters specified therein. During such ten (10) day period, the Equityholder Representative shall provide Purchaser and its Representatives with reasonable access during normal business hours upon reasonable advance notice to the working papers of the Equityholder Representative and its Representatives relating to such Notice of Disagreement, and the Equityholder Representative shall, and shall cause its Representatives to, cooperate with Purchaser and its Representatives to provide them with other information used in preparation of such Notice of Disagreement reasonably requested by Purchaser or its Representatives including, upon reasonable advance notice, access during normal business hours to relevant personnel and records of the Equityholder Representative. Any disputed items resolved in writing between the Equityholder Representative and Purchaser within such ten (10) day period shall be final and binding with respect to such items, and if the Equityholder Representative and Purchaser agree in writing on the resolution of each disputed item specified in the Notice of Disagreement, the amount so determined shall be final and binding on the parties for all purposes hereunder.

(d) If the Equityholder Representative and Purchaser have not resolved all such differences by the end of such ten (10) day period, the Equityholder Representative and Purchaser shall submit, in writing, to Ernst & Young LLP or, if such firm is unable or unwilling to act, such other firm as shall be agreed in writing by the Equityholder Representative and Purchaser (the "Firm"), briefs detailing their views as to the correct nature and amount of each item remaining in dispute (the "Disputed Items"). The final determination of the Disputed Amounts shall be based solely on presentations by the Equityholder Representative and Purchaser and shall not involve the Firm's independent review. Furthermore, the determination by the Firm shall be made by the Firm selecting either (x) the position of the Equityholder Representative (without adjustment or modification) or (y) the position of Purchaser (without adjustment or modification), and only with respect to the Disputed Amounts. The Firm shall not have any authority to select any alternative position other than the Equityholder Representative's position or the Purchaser's position. The Firm's determinations as to the Disputed Amounts shall be set forth in a

written statement delivered to each of the Equityholder Representative and Purchaser, which determination shall be final and binding on the parties for all purposes hereunder. The determination of the Firm shall be accompanied by a certificate of the Firm that it reached such determination in accordance with the provisions of this Section 1.13. The Equityholder Representative and Purchaser shall use their commercially reasonable efforts to cause the Firm to render a written decision resolving the matters submitted to it within ten (10) Business Days following the submission thereof. Judgment may be entered upon the written determination of the Firm in any court of competent jurisdiction. The fees and expenses of the Firm and of any enforcement of the determination thereof, shall be finally allocated between, and paid by, the Equityholder Representative and Purchaser equally. For the avoidance of doubt, the Firm's fees and expenses payable by the Equityholder Representative, if any, shall only be paid from the funds in the Expense Fund in accordance with Section 6.4 (*Equityholder Representative*). The fees and disbursements of the Representatives of each party incurred in connection with their preparation or review of the Post-Closing Statement and preparation or review of any Notice of Disagreement, as applicable, shall be borne by such party.

(e) The Merger Consideration shall be adjusted downward by the amount (if any):

(i) by which Net Cash, as finally determined pursuant to this Section 1.13, is less than Estimated Net Cash;

(ii) by which Net Working Capital, as finally determined pursuant to this Section 1.13, is less than the Target Net Working Capital (the "Net Working Capital Shortfall"), *provided, that* there shall be no such downward adjustment unless the Net Working Capital Shortfall exceeds the Threshold Amount, *provided, further* that the amount of any downward adjustment pursuant to this Section 1.13(e)(ii) will be reduced by the amount of any downward adjustment for Estimated Net Working Capital Shortfall made pursuant to Section 1.11(a) (*Merger Consideration; Certified Closing Report*); and

(iii) of any upward adjustment for Estimated Net Working Capital Excess made pursuant to Section 1.11(a) (*Merger Consideration; Certified Closing Report*) that should not have been made based on the final determination of the Net Working Capital pursuant to this Section 1.13.

(f) The Merger Consideration shall be adjusted upward by the amount (if any):

(i) by which Net Cash, as finally determined pursuant to this Section 1.13, is greater than Estimated Net Cash;

(ii) by which Net Working Capital, as finally determined pursuant to this Section 1.13, is greater than the Target Net Working Capital (the "Net Working Capital Excess"), *provided, that* there shall be no such upward adjustment unless the Net Working Capital Excess exceeds the Threshold Amount, *provided, further* that the amount of any upward adjustment pursuant to this Section 1.13(f)(ii) will be reduced by the amount of any upward adjustment for Estimated Net Working Capital Excess made pursuant to Section 1.11(a) (*Merger Consideration; Certified Closing Report*); and

(iii) of any downward adjustment for Estimated Net Working Capital Shortfall made pursuant to Section 1.11(a) (*Merger Consideration; Certified Closing Report*) that should not have been made based on the final determination of the Net Working Capital pursuant to this Section 1.13.

(g) For the avoidance of doubt, any amounts adjusted in Section 1.13(e) and Section 1.13(f) shall be made without duplication of any other adjustments provided for in such Sections. The Merger Consideration, as adjusted pursuant to this Section 1.13, is referred to herein as the "Adjusted Merger Consideration."

(h) If the Adjusted Merger Consideration is less than the Merger Consideration calculated at Closing based on the Certified Closing Report (the "Closing Merger Consideration"), then such Merger Consideration shall be adjusted downwards in an amount equal to the difference between the Adjusted Merger Consideration and the Closing Merger Consideration (such difference, the "Adjustment Amount"). In such event, within three (3) Business Days after the date of the final determination of the adjustment under Section 1.13(g) above, the Equityholder Representative and Purchaser shall provide a joint written instruction to the Escrow Agent to pay promptly from the Escrow Fund in accordance with the Escrow Agreement to Purchaser or its designee an amount equal to the amount of such downward adjustment of such Merger Consideration, but in any event not more than the Maximum Escrow Adjustment. In the event the Adjustment Amount is greater than the Maximum Escrow Adjustment, the Indemnifying Holders (or the Equityholder Representative solely on behalf of the Indemnifying Holders upon receipt of such funds), shall immediately pay to Purchaser, within three (3) Business Days after the date of the final determination of the adjustment under Section 1.13(g) above, by wire transfer of Dollars in immediately available funds, an additional amount equal to the excess of the Adjustment Amount over the Maximum Escrow Adjustment.

(i) If the Adjusted Merger Consideration is greater than the Closing Merger Consideration, then the Merger Consideration shall be adjusted upwards in an amount equal to the difference between the Adjusted Merger Consideration and the Closing Merger Consideration. In such event, Purchaser shall: (i) with respect to the Shareholders (entitled to receive consideration pursuant to Section 1.10 (*Payment for Shares*) other than holders of any Dissenting Shares) and in accordance with the Paying Agent Agreement (A) deliver to the Paying Agent within three (3) Business Days after the date of the final determination of the adjustment under Section 1.13(g) above, and (B) cause the Paying Agent to pay promptly thereafter by wire transfer of Dollars in immediately available funds to each Shareholder entitled to receive consideration pursuant to Section 1.10 (*Payment for Shares*), an amount of cash equal to such Shareholder's Proportionate Share of such upward adjustment, and (ii) with respect to the Optionholders or the RSU holder pay, or cause the Surviving Company to pay, promptly each such Optionholder's or such RSU holder's Proportionate Share of such upward adjustment less applicable taxes required to be withheld with respect to such payments. Payment of such amounts to Shareholders, Optionholders and the RSU holder shall be made in accordance with their respective Proportionate Shares. Payments pursuant to this Section 1.13 shall be made by wire transfer of Dollars in immediately available funds to such account or accounts as may be designated in writing by the party entitled to such payment no later than three (3) Business Days after the applicable date of final determination, *provided* that payments to be made to any Optionholder or the RSU holder may, at Purchaser's option, be paid through the payroll system of Purchaser, the Surviving Company or any of their respective Subsidiaries, as applicable on the next regularly scheduled payroll date, to the extent such Person is an employee of Purchaser, the Surviving Corporation or any of their respective Subsidiaries or is otherwise able to accept payments through such payroll system as of the applicable date of payment and, to the extent that any such Person is no longer an employee of Purchaser, the Surviving Corporation or any of their respective Subsidiaries, may be paid through the Paying Agent net of any applicable withholding Taxes.

Section 1.14 Tax Withholding. Notwithstanding anything in this Agreement to the contrary, all amounts payable pursuant to the terms of this Agreement shall be subject to applicable Tax withholding requirements, and each of Purchaser and the Surviving Company shall be entitled to deduct or withhold, or cause to be withheld from amounts payable pursuant to this Agreement, any amount it determines is required to be deducted or withheld under Applicable Law with respect to Taxes; *provided*, that, prior to making any such deduction or withholding with respect to payments for Shares (other than any deduction or withholding with respect to compensation-related Taxes), Purchaser or the Surviving

Company shall provide notice to the holder of the applicable Shares of the amounts subject to withholding and a reasonable opportunity for such recipient to provide forms or other evidence that would exempt such amounts from withholding Tax. To the extent that amounts are so withheld and remitted to the appropriate Taxing Authority, such amounts shall be treated for all purposes of this Agreement as having been paid to the Persons with respect to whom such amounts were withheld.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES BY THE COMPANY

The Company hereby represents and warrants to Purchaser and Merger Sub that the statements contained in this Article are true and correct (or, if a specific date is indicated in any such statement, true and correct as of such specified date), except as set forth in the corresponding sections or subsections of the disclosure schedule attached hereto (each section of which (i) qualifies the specifically identified Sections or subsections of this Agreement to which such disclosure schedule relates and such other Sections or subsections as are readily apparent on its face and (ii) shall be deemed for all purposes to be part of the representations and warranties made hereunder) (the "Company Disclosure Schedule"). Any matter set forth in any section of the Company Disclosure Schedule shall be deemed to be referred to and incorporated in any section to which it is specifically referenced or cross-referenced and also in all other sections of the Company Disclosure Schedule to which such matter's application or relevance is reasonably apparent on its face.

Section 2.1 Organization and Qualification.

(a) The Company is an exempted company limited by shares validly existing and in good standing pursuant to the provisions of the CICL, and has the requisite corporate power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted. The Company is duly qualified or licensed as a foreign company to do business, and is in good standing (to the extent such concept or a comparable status is recognized), in each jurisdiction where the character of the properties and assets occupied, owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so duly qualified and licensed as would not result, or reasonably be expected to result, in a Company Material Adverse Effect.

(b) A complete and correct list of all Subsidiaries of the Company and their respective jurisdictions of incorporation or formation is set forth in Section 2.1(b) of the Company Disclosure Schedule. Each of the Company's Subsidiaries is duly organized, validly existing and in good standing (to the extent such concept or a comparable status is recognized) under the Applicable Laws of the jurisdiction of its incorporation or formation and has the requisite power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted, except as would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company's Subsidiaries is duly qualified or licensed as a foreign company to do business, and is in good standing (to the extent such concept or a comparable status is recognized), in each jurisdiction where the character of the properties and assets occupied, owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for such failures to be so duly qualified and licensed as would not result, or reasonably be expected to result, in a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries directly or indirectly owns any equity, partnership, membership or similar interest in, or any interest convertible into, exercisable for the purchase of or exchangeable for any such equity, partnership, membership or similar interest, or is under any current obligation to form, provide funds to, make any loan, capital contribution or other investment in, any Person.

Section 2.2 Memorandum and Articles of Association. The Company has Made Available to Purchaser a complete and correct copy of the memorandum and articles of association, or equivalent organizational documents, each as amended to date, of the Company and each of its Subsidiaries. These memoranda and articles of association or equivalent organizational documents are in full force and effect as of the date hereof. Neither the Company nor any of its Subsidiaries is in violation in any material respect of the provisions of its memorandum or articles of association or equivalent organizational documents.

Section 2.3 Capitalization.

(a) As of the date hereof, the authorized share capital of the Company consists of: $775,000,000.00 divided into 2,200,000,000 ordinary shares, each with a par value of $0.25 per share, and 900,000,000 preferred shares, each with a par value of $0.25 per share. As of the date hereof: (i) 370,117,320 ordinary shares of the Company, constituting the Ordinary Shares, are issued and outstanding and (ii) 300,000,000 Series A preferred shares and 109,735,952 Series B Preferred Shares of the Company are issued and outstanding, constituting the Preferred Shares. As of the date hereof, the record owners of the Shares, which constitute all of the outstanding shares of the Company, are set forth in Section 2.3(a)(i) of the Company Disclosure Schedule. For each of the Company's Subsidiaries: (i) the amount of its authorized capital stock, (ii) the amount of its outstanding capital stock and (iii) the record owners of its outstanding capital stock are set forth in Section 2.3(a)(ii) of the Company Disclosure Schedule.

(b) Except for the Shares and the Options and RSUs set forth in Section 2.3(d) of the Company Disclosure Schedule, neither the Company nor any of its Subsidiaries has outstanding or has agreed to issue, or is obligated to issue, any: (i) share of its capital or other equity or ownership interest of the Company; (ii) option, warrant or interest convertible into, or exchangeable or exercisable for, shares of its capital or other equity or ownership interests of the Company; (iii) stock appreciation right, phantom stock or other equity-based interest, award or right in the earnings of the Company or any of its Subsidiaries; or (iv) bond, debenture or other Indebtedness having the right to vote, or convertible or exchangeable for securities having the right to vote, in matters submitted to a vote of Shareholders generally. There are no outstanding obligations of the Company or any of its Subsidiaries to repurchase, redeem or otherwise acquire, or that relate to the holding, voting or disposition of or that restrict the transfer of, the issued or unissued share capital or other equity or ownership interests of the Company or any of its Subsidiaries, in each case other than pursuant to the Shareholders Agreement.

(c) Each outstanding share of the Company and each of its Subsidiaries is duly authorized, validly issued, fully paid and nonassessable, and in the case of its Subsidiaries, each such share is owned by the Company or another Subsidiary of the Company, free and clear of any Encumbrance and (ii) has been offered, sold and delivered by the Company or a Subsidiary of the Company in material compliance with all Applicable Laws and any applicable contractual restrictions. There are no declared or accrued but unpaid dividends or other distributions with respect to any shares in the capital of the Company or other security of the Company, except for the accrued but unpaid dividends on the outstanding Series B Preferred Shares.

(d) As of the date hereof, 116,150,000 ordinary shares in the capital of the Company are reserved for issuance in connection with the exercise of options granted pursuant to the Company Option Plan. Section 2.3(d) of the Company Disclosure Schedule sets forth a complete and correct list showing each outstanding Option and RSU award granted by the Company or any of its Subsidiaries, including: (i) the holder thereof, (ii) an indication of whether the holder is an employee of the Company or any Subsidiary thereof, (iii) the number of Ordinary Shares subject to each Option or RSU award, (iv) the per share exercise price of each Option, (v) the date on which each Option or RSU award was granted,

and (vi) the date on which each Option or RSU award expires. No Option is an "incentive stock option" (as defined in the Code). All Ordinary Shares subject to issuance under the Company Option Plan or pursuant to each RSU award, upon issuance on the terms and conditions specified in the instruments pursuant to which they are issuable, would be duly authorized, validly issued, fully paid and nonassessable. The Company has Made Available to Purchaser an accurate and complete copy of the Company Option Plan pursuant to which any Options were granted by the Company and the restricted stock unit award agreement pursuant to which the RSUs were granted by the Company. All Options have been documented with the Company's standard forms of agreement or award document, complete and correct copies of which have been Made Available to Purchaser, without material deviation or amendment, modification or supplement. No vesting schedule or provision, whether time-based or performance-based, of any Option, RSU or any similar security issued by a Subsidiary shall accelerate or otherwise be satisfied as a consequence of the Merger or any of the other transactions contemplated by this Agreement or the other Transaction Documents other than as required under the Company Option Plan without the exercise of discretion. None of the Options or RSUs are subject to any other vesting acceleration provisions. The per share exercise price of each Option was not less than the fair market value of an Ordinary Share on the applicable grant date.

(e) There are no shareholder agreements, investors rights agreements, voting agreements, voting trusts, right of first refusal and co-sale agreements, management rights agreements or other similar agreements or Contracts to which either the Company or any Subsidiary is a party or by which it is bound that govern the transfer, voting or registration of any shares in the capital or any other securities of the Company or any of its Subsidiaries other than the Shareholders Agreement.

(f) The Company has Made Available to Purchaser complete and correct copies of the Register of Members (or relevant jurisdictional equivalent) of each of the Company and its Subsidiaries. Except as set forth in Section 2.3(d) of the Company Disclosure Schedule, the Register of Members (or relevant jurisdictional equivalent) of each of the Company and its Subsidiaries accurately reflect all transactions in shares in the capital and other equity interests of the Company and its Subsidiaries.

Section 2.4 Authority.

(a) The Company has all necessary corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party and, subject to obtaining a special resolution passed by the Shareholders in accordance with the CICL ("Requisite Shareholder Approval"), to perform its obligations under this Agreement and each other Transaction Document, and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which the Company is or, at the Closing, will become a party, and the consummation of the transactions contemplated hereby and thereby, have been duly and validly authorized by the Company's board of directors (the "Board"). Except for obtaining Requisite Shareholder Approval, no other corporate proceedings on the part of the Company are necessary to authorize this Agreement and each such other Transaction Document, or to consummate the transactions contemplated hereby and thereby. The passing of a special resolution at a duly held and quorate general meeting of the Shareholders of the Company, or a written special resolution signed by all Shareholders of the Company shall constitute Requisite Shareholder Approval. This Agreement and each Transaction Document to which the Company is or, at the Closing, will become a party have been or, at the Closing, will be, as the case may be, duly and validly executed and delivered by the Company and, assuming the due authorization, execution and delivery of the other parties hereto and thereto, constitute or, with respect to any Transaction Document to be executed at the Closing, will constitute, the valid, legal and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

(b) The Board, at a meeting therefore duly called and held on June 8, 2014, (i) determined that this Agreement, the Plan of Merger and the Merger are fair and in the best interests of the Company and its Shareholders, (ii) resolved to recommend that the Shareholders approve and adopt this Agreement, the Plan of Merger and the Merger, and (iii) subject to approval of the Shareholders, approved the execution and delivery of the Plan of Merger and any and all documents and certificates required to be filed with the Cayman Islands Registrar of Companies pursuant to Section 233 of the CICL.

Section 2.5 No Conflict; Required Consents and Approvals.

(a) The execution, delivery and performance by the Company of this Agreement and each of the Transaction Documents to which the Company is or will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) conflict with or violate the memorandum of association or equivalent organizational documents of the Company or any of its Subsidiaries; (ii) materially conflict with or violate any Applicable Law; or (iii) result in any breach of, or constitute a default (or an event that, with notice or lapse of time or both, would become a default or breach) under, require any consent of or notice to any Person pursuant to, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of a material Encumbrance on any property or asset of the Company or any of its Subsidiaries pursuant to, or result in the loss of any material benefit under, any Material Contract or Company Permit.

(b) The execution, delivery and performance by the Company or any of its Subsidiaries of this Agreement and each of the Transaction Documents to which the Company or any of its Subsidiaries is or will be a party, and the consummation of the transactions contemplated hereby and thereby by the Company and its Subsidiaries do not, and the performance of this Agreement by the Company and its Subsidiaries will not, require any consent, approval, authorization or Permit of, or filing with or notification to, any Governmental Entity for such performance or in order to prevent the termination of any right, privilege, license or qualification of the Company or any of its Subsidiaries, except for (i) any filings required to be made under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and under any other applicable antitrust, competition, trade regulation or merger control Law (together with the HSR Act, the "Antitrust Laws"), (ii) the filing of the Plan of Merger and the other documents required to effect the Merger with the Cayman Islands Registrar of Companies, (iii) those consents, approvals, authorizations, Permits, filings or notifications listed in Section 2.5(b)(iii) of the Company Disclosure Schedule and (iv) such other consents, approvals, authorizations, filings or notifications as are not material.

Section 2.6 Compliance with Applicable Law; Permits.

(a) Each of the Company and its Subsidiaries (i) is in compliance with all Applicable Laws in all material respects and (ii) has for the past three (3) years been in compliance with all Applicable Laws except as would not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any notice, order, complaint or other communication from (x) any Governmental Entity that the Company or any of its Subsidiaries currently is not, or for the past two (2) years has not been, in compliance with any Applicable Law, in all material respects, or (y) any other Person that the Company or any of its Subsidiaries currently is not, or for the past two (2) years to the Knowledge of the Company has not been, in compliance with any Applicable Law, in all material respects. No investigation or review by any Governmental Entity regarding a violation of any Applicable Law with respect to the Company or any of its Subsidiaries is pending or, to the Knowledge of the Company, threatened.

(b) Each of the Company and its Subsidiaries is in possession of all material Permits reasonably required by Applicable Law for the Company or its Subsidiaries to lawfully own, lease and operate its properties and to lawfully carry on its business as it is now being conducted (the "Company Permits"), in all material respects. Section 2.6(b) of the Company Disclosure Schedule sets forth a complete and correct list of the Company Permits. Each of the Company and its Subsidiaries is in material compliance with all such Company Permits. No suspension, cancellation, modification, revocation or nonrenewal of any material Company Permit is pending or, to the Knowledge of the Company, threatened.

(c) None of the representations and warranties contained in this Section 2.6 shall be deemed to relate to executive compensation and employee benefits related matters (which are principally governed by Section 2.11) or Tax matters (which are governed by Section 2.16).

Section 2.7 Financial Statements.

(a) The Company has Made Available to Purchaser complete and correct copies of the audited consolidated balance sheet of the Company and its Subsidiaries as at August 29, 2013, August 30, 2012 and September 1, 2011, and the related audited consolidated statements of income, retained earnings, stockholders' equity and changes in financial position of the Company and its Subsidiaries, together with all related notes and schedules thereto, accompanied by the reports thereon of the Company's independent auditors (collectively referred to as the "Financial Statements") and unaudited non-GAAP consolidated financial information of the Company and its Subsidiaries for the fiscal quarters ended November 28, 2013 and February 27, 2014 (collectively referred to as the "Interim Financial Statements").

(b) Each of the Financial Statements and the Interim Financial Statements (i) are complete and correct in all material respects and have been prepared in good faith in accordance with the books and records of the Company and its Subsidiaries, (ii) have been prepared in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods indicated (except as may be indicated in the notes thereto) and (iii) fairly present, in all material respects, the consolidated financial position, results of operations and cash flows of the Company and its Subsidiaries as at the respective dates thereof and for the respective periods indicated therein, except as otherwise noted therein and subject, in the case of the Interim Financial Statements, to the absence of footnotes and to normal and recurring year-end adjustments that will not, individually or in the aggregate, be material. The statements of income contained in the Financial Statements and the Interim Financial Statements do not contain any items of special or nonrecurring income or any other income not earned in the ordinary course consistent with past practice, except as expressly specified therein.

(c) The Company and its Subsidiaries maintain systems of internal accounting controls reasonably sufficient to provide reasonable assurances that: (i) such controls include policies and procedures that require the maintenance of records that in reasonable detail fairly reflect transactions that are executed in accordance with management's general or specific authorization; (ii) transactions are recorded as necessary to permit the preparation of financial statements in conformity with GAAP and to maintain accountability for assets; and (iii) appropriate action is taken with respect to any discrepancies between recorded accountability for assets and actual asset levels.

Section 2.8 Absence of Changes. Since the date of the unaudited consolidated balance sheet of the Company and its Subsidiaries as at February 27, 2014 (such balance sheet, together with all related

notes and schedules thereto, the "Balance Sheet"), other than actions expressly required to be taken pursuant to this Agreement: (a) the Company and its Subsidiaries have conducted their businesses in all material respects only in the ordinary course consistent with past practice; (b) there has not been any event, condition, circumstance, development, change or effect, having, or that would reasonably be expected to have, individually or in the aggregate, a Company Material Adverse Effect; (c) neither the Company nor any of its Subsidiaries has suffered any material loss, damage, destruction or other casualty affecting any of its material properties or assets, (i) prior to the date of this Agreement whether or not covered by insurance or (ii) after the date of this Agreement after giving effect to applicable insurance limits and/or coverage, and (d) neither the Company nor any of its Subsidiaries has taken any action that, if taken after the date of this Agreement, would constitute a breach of any of the covenants set forth in Section 4.2(a), (b), (c), (d), (f)(i), (f)(iv), (f)(v), (h), (i) and (j) (*Restrictions on Conduct of Business of the Company*).

Section 2.9 No Undisclosed Liabilities. Except as and to the extent reflected, accrued or reserved against in the Balance Sheet (including the notes thereto), neither the Company nor any of its Subsidiaries has any Liability required by GAAP to be reflected in a consolidated balance sheet of the Company and its Subsidiaries, except for any Liability, (i) incurred in the ordinary course of business consistent with past practice since the date of the Balance Sheet, (ii) under Contracts in effect as of the date of this Agreement, (iii) as contemplated by this Agreement or otherwise in connection with the transactions contemplated hereby, (iv) as set forth on Section 2.9 of the Company Disclosure Schedule or (v) Transaction Expenses.

Section 2.10 Litigation. There is no material Action against the Company or any of its Subsidiaries, or any property or asset of the Company or any of its Subsidiaries, or any of the directors, officers, or employees of the Company or any of its Subsidiaries with regard to their actions as such, pending or, to the Knowledge of the Company, threatened. There is no material Action relating to the Company or any of its Subsidiaries pending or, to the Knowledge of the Company, threatened, seeking to prevent, hinder, modify, delay or challenge the transactions contemplated by this Agreement or the Transaction Documents. There is no material outstanding order, writ, judgment, injunction, decree, determination or award of, or pending or, to the Knowledge of the Company, threatened investigation by, any Governmental Entity relating to the Company, any of its Subsidiaries, any of their respective properties or assets, any of their respective officers or directors, or the transactions contemplated by this Agreement or the Transaction Documents. As of the date hereof, there is no material Action by the Company or any of its Subsidiaries pending, or which the Company or any of its Subsidiaries has commenced preparations to initiate, against any other Person.

Section 2.11 Employee Benefits.

(a) List of Employee Plans. Section 2.11(a) of the Company Disclosure Schedule sets forth a complete and correct list by jurisdiction of all employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")) (whether or not such plans are subject to ERISA), all other bonus, stock option, stock purchase, restricted stock, incentive, deferred compensation, retiree medical or life insurance, supplemental retirement, severance, termination or other material benefit plans, programs or arrangements, and all employment or individual consulting contracts or agreements to which the Company or any of its Subsidiaries is a party, with respect to which the Company or any of its Subsidiaries has or could have any obligation or which are maintained, contributed to or sponsored by the Company or any of its Subsidiaries for the benefit of any current or former employee, officer, director or other service provider of the Company or any of its Subsidiaries or any of their respective dependents or beneficiaries (collectively, the "Employee Plans"); *provided*, *however*, that solely for purposes of the listing obligation set forth in this Section 2.11(a), offer letters or employment agreements which provide for "at will" employment and can be terminated without notice or material Liability shall not be considered Employee Plans. There are no ERISA Affiliates of the Company other than the Company's Subsidiaries.

(b) Employee Plans Made Available. Each Employee Plan is in writing. The Company has Made Available to Purchaser a complete and correct copy of each Employee Plan (or, with respect to offer letters or employment agreements which provide for "at will" employment and can be terminated without notice or material Liability, the form of each such offer letter and employment agreement) and has Made Available to Purchaser a complete and correct copy of each material document, if any, prepared in connection with each such Employee Plan, including (i) a copy of each trust or other funding arrangement, (ii) each summary plan description and summary of material modifications, (iii) the most recently received IRS determination letter for each such Employee Plan and (iv) the most recently prepared actuarial report and financial statement in connection with each such Employee Plan. Neither the Company nor any of its Subsidiaries has any express or implied commitment (A) to adopt or enter into any new employee benefit plan, program or arrangement that would be an Employee Plan if established, (B) to enter into any Contract to provide material compensation or benefits to any individual or (C) to modify, change or terminate any Employee Plan, other than with respect to a modification, change or termination required by any Applicable Law or this Agreement.

(c) Multiemployer Plans, Multiple Employer Plans, Title IV Plans and Certain Funded Plans. No Employee Plan is, and neither the Company nor any ERISA Affiliate thereof sponsors, maintains, contributes to, or has ever sponsored, maintained, contributed to, or has any actual or contingent liability with respect to any (i) defined benefit pension plan or other pension plan that is subject to Section 302 or Title IV of ERISA or Section 412 of the Code, (ii) "multiemployer plan" within the meaning of Section 3(37) of ERISA or 4001(a)(3) of ERISA or any Applicable Law, (iii) "multiple employer welfare arrangement" (within the meaning of Section 3(40) of ERISA) or (iv) "funded welfare plan" within the meaning of Section 419 of the Code. To the extent that any Employee Plan is a type of plan or arrangement described in the preceding sentence, each such Employee Plan and any related administration, participation or other similar Contracts can be amended, terminated or otherwise discontinued after the Effective Time in accordance with its terms without liability (including, but not limited to, any withdrawal or similar liability) to the Company, its ERISA Affiliates, or the Purchaser (other than ordinary administration expenses typically incurred in a termination event).

(d) Severance Plans, Change in Control Plans and Retiree Plans. No Employee Plan: (i) provides for the payment of separation, severance, termination or similar-type benefits to any Person or (ii) obligates the Company or any of its Subsidiaries to make any payment or provide any benefit as a result of the transactions contemplated by this Agreement or the Transaction Documents. No Employee Plan provides for or promises retiree medical, disability or life insurance benefits to any current or former employee, officer or director of the Company or any of its Subsidiaries, except as required by Section 4980B of the Code, Part 6 of Title I of ERISA, similar applicable state Law or Applicable Law.

(e) International Plans. With respect to each Employee Plan that is maintained outside the U.S. or is otherwise subject to non-U.S. Laws (the "International Plans"): (i) all employer and employee contributions to each International Plan required by law or by the terms of such International Plan to be made by the Company or any of its Subsidiaries have been made, or if applicable, accrued in accordance with normal accounting practices; (ii) the fair market value of the assets of each funded International Plan, the Liability of each insurer for any International Plan funded through insurance or the book reserve established for any International Plan, together with any accrued contributions, is sufficient to procure or provide for the benefits determined on an ongoing basis accrued to the date of this Agreement with respect to all current and former participants under such International Plan according to the actuarial assumptions and valuations most recently used to determine employer contributions to such International Plan, and the transactions contemplated by this Agreement shall not cause such assets or

insurance obligations to be less than such benefit obligations; and (iii) each International Plan required to be registered has been registered and has been maintained in good standing with applicable regulatory authorities and is approved by any applicable taxation authorities to the extent such approval is available.

(f) Compliance with Law. Each Employee Plan is now and has been at all times operated in all material respects in accordance with its terms and the requirements of all Applicable Laws, including ERISA and the Code. Each of the Company and its Subsidiaries has performed all obligations required to be performed by it and is not in any material respect in default under or in violation under any Employee Plan and, to the Knowledge of the Company, no such default or violation by any other party to any Employee Plan has occurred. To the Knowledge of the Company, there has not been any non-exempt prohibited transaction, within the meaning of Section 406 of ERISA or Section 4975 of the Code, with respect to any Employee Plan.

(g) Determination Letters. Each Employee Plan that is intended to be qualified under Section 401(a) of the Code and each trust intended to qualify under Section 501(a) of the Code has timely received or applied for a favorable determination letter or is entitled to rely on a favorable opinion letter from the IRS as to its qualified status under the Code, in either case, that has not been revoked and, to the Knowledge of the Company, no event or circumstance exists that has adversely affected or would reasonably be expected to adversely affect such qualification, registration or exemption.

(h) No Actions. No Action (other than routine claims for benefits in the ordinary course of business consistent with the past practice of the Company or any of its Subsidiaries) has occurred, is pending or, to the Knowledge of the Company, threatened, anticipated or expected to be asserted with respect to any Employee Plan or any related trust or other funding medium thereunder or with respect to the Company or any of its Subsidiaries as the sponsor or fiduciary thereof or with respect to any other fiduciary thereof and, to the Knowledge of the Company, there is no basis for any such Action.

Section 2.12 Labor and Employment Matters.

(a) List of Employees, Individual Consultants and Individual Independent Contractors. Section 2.12(a) of the Company Disclosure Schedule contains, as of May 29, 2014, to the maximum extent permitted under Applicable Law, a list of: (i) the name of each employee, individual consultant, or other individual independent contractor of the Company and each of its Subsidiaries and (ii) the country (and state) in which each such employee, individual consultant, or other individual independent contractor is based and primarily performs his or her duties or services. The Company has Made Available, insofar as permitted under Applicable Law, to Purchaser the total number, as of the date of this Agreement, of individuals employed or engaged by the Company and each of its Subsidiaries as an employee, individual consultant, or other individual independent contractor by location, as well as, for each such employee, individual consultant, or other individual independent contractor: (i) the details of the formal employer or contracting entity, (ii) annual base salary, wages, or, for individual independent contractors, rate and basis of payments, (iii) any target incentives or bonus opportunities, (iv) position or function, (v) period of continuous employment or term of engagement, (vi) the location where each individual is based and primarily perform his or her duties and (vii) accrued but unused sick and vacation leave or paid time off. To the extent applicable privacy or data protection Laws would prohibit the disclosure of certain personally identifiable information set forth in this Section without the individual's consent, Section 2.12(a) of the Company Disclosure Schedule shall specify such legal prohibition and shall provide such information in de-identified form in compliance with applicable Laws.

(b) Work Authorizations. All employees, individual consultants, or other individual independent contractors of the Company and its Subsidiaries are lawfully entitled to work for the

Company or the applicable Subsidiary of the Company. Except as set forth in Section 2.12(b) of the Company Disclosure Schedule, no employee, individual consultant, or other individual independent contractor of the Company or any of its Subsidiaries requires any visa, permit, or other work authorization to work for the Company or any of its Subsidiaries.

(c) At Will Employment; Separation of Employment. All U.S. employees of the Company and its Subsidiaries are employed on an at will basis, which means that their employment can be terminated at any time, with or without notice, for any reason or no reason at all, subject to Applicable Law. Except as required by Applicable Law or any Employee Plan that is either a pension benefit or non-severance welfare benefit plan or with respect to any such termination or suspension that occurred prior to the date hereof and for which neither the Company or its Subsidiaries has any further liability or obligation to any such employee, former employee or dependent, neither the Company nor any of its Subsidiaries has made or agreed to make any payment or agreed to provide any benefit to any employee or former employee of the Company or any of its Subsidiaries or to any dependent of such employee or former employee, in connection with the actual or proposed termination or suspension of employment of such employee or former employee.

(d) Classification. All individuals who are or were performing consulting or other services for the Company or any of its Subsidiaries are or were correctly classified under all Applicable Laws by the Company or such Subsidiary as either "independent contractors" (or comparable status in the case of a non-U.S. entity) or "employees" as the case may be. All individuals who are or were classified as "employees" of the Company or any of its Subsidiaries are or were correctly classified under all Applicable Laws by the Company or such Subsidiary, as exempt or non-exempt, or comparable classifications outside of the U.S., as the case may be.

(e) Certain Loans. As of the date hereof, there are no outstanding loans or advances from the Company or any of its Subsidiaries to employees of the Company or any of its Subsidiaries.

(f) Unions. (i) Neither the Company nor any of its Subsidiaries is or has been a party to any collective bargaining agreement, works council agreement, or similar labor union or employee-representative agreement and there are no collective bargaining agreements, works council agreements, or similar labor union or employee-representative agreements which pertain to employees of the Company or any of its Subsidiaries; (ii) neither the Company nor any of its Subsidiaries is required to notify, consult or negotiate with any labor union, works council, or other employee representative body concerning the terms of employment of their respective employees or the transactions contemplated under this Agreement; (iii) none of the employees of the Company or any of its Subsidiaries is represented by any labor union, works council, or other employee representative body and, to the Knowledge of the Company, there has been no such organizing activity involving the Company or any of its Subsidiaries.

(g) Disputes. (i) No labor strike, industrial dispute, trade dispute or other labor-related dispute, slow down or stoppage against the Company or any of its Subsidiaries is pending, or, to the Knowledge of the Company, threatened or contemplated, (ii) as of the date hereof, neither the Company nor any of its Subsidiaries is involved in any negotiation regarding a claim with any trade union or other body representing employees or former employees of the Company or any of its Subsidiaries, and (iii) neither the Company nor any of its Subsidiaries has received any demand letters, civil rights charges, suits, drafts of suits, complaints or other communications related to claims made by any of its current or former employees or directors, individual consultants or other individual independent contractors, whether before the Equal Employment Opportunity Commission, the National Labor Relations Board, the U.S. Department of Labor, the U.S. Occupational Safety and Health Administration, the Workers Compensation Appeals Board, or any comparable body outside the United States, or any other Governmental Entity.

Section 2.13 Real Property.

(a) Owned Real Property. The Company and its Subsidiaries do not own any Real Property.

(b) Leased Real Property. Section 2.13(b) of the Company Disclosure Schedule sets forth a complete and correct list of all (i) Leased Real Property and (ii) as of the date hereof, all leases, lease guaranties, subleases, and other agreements to which the Company or any of its Subsidiaries is party for the leasing, use or occupancy of Leased Real Property, including all amendments, terminations and modifications thereof. The Company and each of the Subsidiaries have good and valid leasehold title to all Leased Real Property, in each case, free and clear of all Encumbrances and adverse Governmental Orders. All rent and other material sums and charges payable by the Company or any of its Subsidiaries as tenant under the leases of Leased Real Property are current in all material respects. All of the Leased Real Properties are adequately maintained and suitable for the purpose of conducting the business of the Company and its Subsidiaries as presently conducted, in each case except as would not reasonably be expected to have a Company Material Adverse Effect. To the Knowledge of the Company, no parcel of Leased Real Property is subject to any Governmental Order to be sold or is being condemned, expropriated or otherwise taken by any Governmental Entity nor has any such Action been proposed.

Section 2.14 Environmental Matters.

(a) Each of the Company and its Subsidiaries is and has at all times been in material compliance with all applicable Environmental Laws. Neither the Company nor any of its Subsidiaries has received any notice, letter, complaint or other communication alleging that the Company or any of its Subsidiaries has any uncompleted, outstanding or unresolved Liability under any Environmental Law or that the Company or any of its Subsidiaries is not in material compliance with any Environmental Law. No investigation or review regarding a material violation of any Environmental Law by any Governmental Entity with respect to the Company or any of its Subsidiaries has occurred, is pending or, to the Knowledge of the Company, threatened.

(b) Each of the Company and its Subsidiaries is in possession of and material compliance with all material certificates, registrations, Permits, licenses and other authorizations required under any Environmental Law ("Environmental Permits"), a complete and correct list of which is set forth in Section 2.14(b) of the Company Disclosure Schedule. No suspension, cancellation, modification, revocation or nonrenewal of any Environmental Permit has occurred, is pending or, to the Knowledge of the Company, threatened.

(c) To the Knowledge of the Company, there are no past or present events, conditions, circumstances, activities, practices, incidents, actions, omissions or plans that constitute a material violation by the Company or any of its Subsidiaries of any Environmental Laws. None of the properties currently or formerly owned, leased or operated by the Company or any of its Subsidiaries (including soils and surface and ground waters) are contaminated with any Hazardous Substance in amount or condition that would reasonably be expected to result in material Liability to the Company or any of the Company's Subsidiaries relating to or arising under any Environmental Laws.

Section 2.15 Intellectual Property.

(a) Generally.

(i) Section 2.15(a)(i) of the Company Disclosure Schedule sets forth, for the registered Intellectual Property owned or purported to be owned by, or exclusively licensed to, the

Company and its Subsidiaries, in whole or in part, including jointly with others (and such Schedule specifies if such registered Intellectual Property is owned solely, owned jointly, or exclusively licensed by the Company and its Subsidiaries), a complete and correct list of all (A) Patents that are registered or the subject of an application for registration, indicating for each the applicable jurisdiction, the registration number (or application number) and date issued (or date filed), (B) Trademarks that are registered or the subject of an application for registration, indicating for each the applicable jurisdiction, the registration number (or application number) and date issued (or date filed), (C) Copyrights that are registered or the subject of an application for registration, indicating for each the applicable jurisdiction, registration number (or application number) and date issued (or date filed), and (D) Domain Names (collectively, "Company Registered IP").

(ii) Each current or former employee or independent contractor of the Company or its Subsidiaries who develops or has developed all or any portion of any past or current Company Products or Intellectual Property that relate to all or any portion of past or current Company Products, has executed and delivered to the Company or a Subsidiary of the Company enforceable proprietary information, confidentiality and assignment agreements that validly assign to the Company or such Subsidiary all Intellectual Property that are or was created, developed, written, invented, conceived or discovered by such employees or independent contractors, as applicable (to the extent such Intellectual Property was not otherwise owned by the Company or its Subsidiaries under Applicable Law). There has been no unauthorized disclosure by the Company of its confidential information or Trade Secrets pertaining to the past or current Company Products or other material confidential information or Trade Secrets, which unauthorized disclosure would compromise the trade secret status or confidentiality of such confidential information, other than applications for Patents. All current and former employees of the Company and its Subsidiaries who have access to confidential information have signed enforceable agreements in which they agree not to use or disclose any confidential or proprietary information of the Company or the applicable Subsidiary (or of third parties that has been disclosed to the Company or any of its Subsidiaries under an obligation of confidentiality) except as authorized by the Company or such Subsidiary or as permitted by Law or such agreement.

(iii) All Company Registered IP (other than any Company Registered IP that is exclusively licensed to the Company or one of its Subsidiaries from a third party) is subsisting and unexpired and, to the Knowledge of the Company, valid and enforceable. All filing, examination, issuance, post registration and maintenance fees, annuities and the like due as of the date hereof with respect to any of the Company Registered IP have been timely paid. The Company or one of its Subsidiaries is the owner of all right, title and interest in and to all Company Registered IP (excluding Company Registered IP that is exclusively licensed or jointly owned) and all such Company Registered IP owned by the Company or any of its Subsidiaries is free and clear of any and all Encumbrances. The Company or one of its Subsidiaries owns or has the right to use all Company Intellectual Property (provided that the foregoing will not be read as a representation of non-infringement, which is set forth in Section 2.15(e)). Neither the Company nor any of its Subsidiaries has received any written notice or claim challenging the Company's or any of its Subsidiaries' sole and exclusive ownership of any Intellectual Property solely owned or purported to be solely owned by the Company or its Subsidiaries, or suggesting that any other Person has any claim of legal or beneficial ownership with respect thereto, and to the Knowledge of the Company, it has received no such notice or claim in a manner other than in writing. To the Knowledge of the Company and its Subsidiaries, there are no facts, circumstances, or information that would or reasonably could be expected to adversely affect, limit, restrict, impair, or impede the ability of Purchaser or any of its Affiliates to use or practice the Company Intellectual Property upon the Closing in the same manner as currently used, practiced and planned by the Company as of the Closing to be used and practiced by the Company and its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any written notice or claim challenging or questioning the validity or enforceability of any Intellectual Property owned or purported to be owned by, or exclusively licensed to, the Company or any of its Subsidiaries.

(iv) All of the Company Registered IP (other than any Company Registered IP that is exclusively licensed to the Company or one of its Subsidiaries from a third party) is and has been prosecuted and maintained at all times in compliance with Applicable Laws (including payment of all registration, renewal and other fees and the timely post-registration filing of affidavits of use and renewal applications and timely filing of affidavits as required to cause such Trademarks to become incontestable) other than any requirement that, if not satisfied, would not result in a cancellation of any such registration or otherwise affect the use, priority, or enforceability of the Company Registered IP in question, the defenses potentially available to any accused infringer of the Company Registered IP, or the remedies potentially available for infringement of the Company Registered IP (other than any Company Registered IP that is exclusively licensed to the Company or one of its Subsidiaries from a third party).

(b) Patents. No Patent of the Company or any of its Subsidiaries (other than Patents that have expired or are identified in Section 2.15(b) of the Company Disclosure Schedule as having been abandoned by the Company or its Subsidiaries) is now involved in any interference, reissue, reexamination or opposition proceeding in the United States Patent and Trademark Office or any corresponding Governmental Entity elsewhere, no such proceeding has been threatened in writing, and, to the Knowledge of the Company, no such proceeding has been threatened in any manner other than in writing.

(c) Trade Secrets. Except as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its Subsidiaries have taken all commercially reasonable steps in accordance with all Applicable Laws relating to trade secrets to protect their rights in their confidential information and Trade Secrets. The Company and its Subsidiaries have complied in all material respects with the terms of any agreements relating to third party confidential information or Trade Secrets to which the Company or any of its Subsidiaries is a party.

(d) Intellectual Property Agreements.

(i) Section 2.15(d)(i) of the Company Disclosure Schedule sets forth a complete and correct list of all Inbound License Agreements.

(ii) Section 2.15(d)(ii) of the Company Disclosure Schedule sets forth a complete and correct list of all Outbound License Agreements that are in effect (or that contain licenses or other grants of rights that are in effect) upon the execution of this Agreement or at Closing.

(iii) Complete and correct copies of all Inbound License Agreements that are required to be listed in Section 2.15(d)(i) of the Company Disclosure Schedule and all Outbound License Agreements that are required to be listed in Section 2.15(d)(ii) of the Company Disclosure Schedule have been Made Available to Purchaser. Each of the Inbound License Agreements and the Outbound License Agreements constitute the valid and legally binding obligation of the Company or a Subsidiary thereof, as applicable, enforceable in all material respects in accordance with its terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity), and is in full force and effect. There is no material breach or default under any Inbound License Agreement or Outbound License Agreement either by the Company or any of its Subsidiaries or, to the Knowledge of the Company, by any other party thereto, no event has occurred that with the giving of notice, the lapse of time, or both would constitute a breach or default thereunder by the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries has received any claim of any such breach or default or any other written notice of a material dispute or disagreement under such agreements.

(iv) There is no Contract, judicial decree, or arbitral award that obligates the Company or any of its Subsidiaries to grant licenses or other rights in the future with respect to any currently existing or future Intellectual Property owned by the Company or its Subsidiaries.

(v) Neither the execution, delivery and performance of this Agreement and each of the other Transaction Documents, nor the consummation of the transactions contemplated herein, nor any Contract by which Company or any of its Subsidiaries is bound, will result in or give rise under any circumstances to any license, transfer, assignment, grant of rights, restriction, Encumbrance, covenant, obligation or transaction that relates in any way to any Intellectual Property of Purchaser or any Affiliate thereof (other than the Company and its Subsidiaries), nor to any obligation of Purchaser or any Affiliate thereof (other than the Company and its Subsidiaries) to license, transfer, assign, grant rights under, grant any Encumbrance, incur any obligation or enter into any other transaction that relates in any way to any such Intellectual Property.

(e) No Infringement by the Company. The past and current Company Products and the conduct and activities of the Company and its Subsidiaries do not infringe, violate, misappropriate, dilute or constitute the unauthorized use or disclosure of, and have not, infringed, violated, misappropriated, diluted or constituted the unauthorized use or disclosure of, any Intellectual Property owned or controlled by any third party, and no Action has been initiated or is pending in writing, and no notice or other claim, dispute, assertion, allegation or Action has been received in writing by the Company or any of its Subsidiaries alleging that (i) the past and current Company Products (including the manufacture or use thereof), or (ii) Company or any of its Subsidiaries have engaged in any activity or conduct that infringes upon, violates, misappropriates, dilutes or constitutes the unauthorized use or disclosure of, or has infringed upon, violated, misappropriated, diluted or constituted the unauthorized use or disclosure of, the Intellectual Property of any third party. To the Knowledge of the Company and its Subsidiaries, no such notice or other claim, dispute, assertion, allegation, or Action has been received by the Company or any of its Subsidiaries in any manner other than in writing.

(f) No Orders. No Intellectual Property that are owned by or, to the Knowledge of the Company, exclusively licensed to the Company or any of its Subsidiaries are subject to any outstanding order, judgment, injunction, decree, award, stipulation, agreement, or other determination or order restricting the use or other practice or exploitation thereof by the Company or any of its Subsidiaries.

(g) No Infringement by Third Parties. To the Knowledge of the Company, no third party is misappropriating, infringing, diluting, using or disclosing without authorization, or violating or has misappropriated, infringed, diluted, used or disclosed without authorization, or violated any Intellectual Property owned or exclusively licensed by the Company or any of its Subsidiaries, and no written claims for any of the foregoing have been brought or threatened in writing against any third party by the Company or any of its Subsidiaries.

(h) Assignment; Change of Control. The execution, delivery and performance by the Company of this Agreement and each of the other Transaction Documents, and the consummation of the transactions contemplated hereby and thereby, will not result in the material loss or impairment of, or give rise to any right of any third party to terminate, any of the rights of the Company or any of its Subsidiaries with respect to Intellectual Property owned by the Company or its Subsidiaries, or rights under any Inbound License Agreement or Outbound License Agreement, nor, except as set forth in Section 2.15(h) of the Company Disclosure Schedule, require the consent of any Governmental Entity or third party.

(i) Open Source and Related Matters. Section 2.15(i) of the Company Disclosure Schedule contains a complete and accurate list of all Open Source Technology that is used by the Company or any of its Subsidiaries in connection with the current Company Products, including Open Source Technology that is integrated or bundled with, linked with, used in the development or compilation of, or otherwise used in or with any current Company Products. The Company and each of its Subsidiaries has regulated the use, modification, and distribution of Open Source Technology in connection with its business and the current Company Products, in compliance with the applicable licenses. Neither the Company nor any of its Subsidiaries has incorporated Open Source Technology into, or combined, linked, or distributed any Open Source Technology with, any current Company Software in any manner that creates, or purports to create, obligations for the Company or any of its Subsidiaries (or upon or after the Closing, the Surviving Company or Purchaser or any of its Affiliates), with respect to any current Company Software, or that purports to require (whether as a condition to distribution or otherwise) the Company or any of its Subsidiaries (or upon or after the Closing, the Surviving Company or Purchaser or any of its Affiliates) to grant any licenses, rights, or immunities with respect to any current Company Software or to disclose or distribute any source code of any current Company Software.

(j) Source Code. Neither the Company nor any of its Subsidiaries is required to provide to any third party the source code of any material current Company Software, to the extent such third party is not a Company employee, consultant, independent contractor or other Company agent or like individual or entity performing services on the Company's behalf. No event has occurred, and no circumstances or conditions exist, that (with or without notice or lapse of time, or both) will, or would reasonably be expected to, result in the unauthorized disclosure or unauthorized delivery by the Company or any of its Subsidiaries (or any Person acting on behalf of the Company of any of its Subsidiaries) of any source code included in any current Company Software to any third party.

(k) Industry Organizations and Consortia. Neither the Company nor any of its Subsidiaries is a member of any standards-setting organization, university or industry body, or other multi-party special interest group or consortium (each, a "SIG") that would require or obligate the Company or any of its Subsidiaries to grant or offer to any other Person any license or right to any Intellectual Property owned by the Company or any of its Subsidiaries.

(l) Contaminants. The Software currently owned by the Company and its Subsidiaries that is included in the current Company Products is substantially free of any material defects, bugs and errors, and does not contain or make available any disabling codes or instructions, spyware, Trojan horses, worms, trap doors, backdoors, Easter eggs, logic bombs, time bombs, cancelbots, viruses or other software or programming routines that permit or cause unauthorized access to, or disruption, impairment, modification, recordation, misuse, transmission, disablement, or destruction of, Software, data, and Back-Office Systems currently owned or used by the Company and its Subsidiaries ("Contaminants").

(m) Back-Office Systems. The computer, information technology and data processing systems, facilities and services used by or for the Company and its Subsidiaries, including all related Software, hardware, networks, communications facilities, platforms and related systems and services (collectively, "Back-Office Systems") are maintained and in reasonably good working condition to effectively perform, in all material respects, all computing, information technology and data processing operations reasonably necessary for the operations of the Company and its Subsidiaries. The Company and its Subsidiaries have taken commercially reasonable steps and implemented commercially reasonable safeguards to protect the Back-Office Systems from Contaminants.

(n) No Government Contracts. Neither the Company nor its Subsidiaries has entered into any agreement with any Governmental Entity pertaining to the development of or grant of rights in Intellectual Property.

Section 2.16 Taxes.

(a) Tax Returns. Each of the Company and its Subsidiaries has duly and timely filed all material Tax Returns required to be filed by it, and such Tax Returns are complete and correct in all material respects.

(b) Extensions. Neither the Company nor any of its Subsidiaries has waived any statute of limitations in respect of material Taxes or agreed to any extension of time with respect to a material Tax assessment or deficiency.

(c) Payment. The Company and its Subsidiaries have timely paid all material Taxes that have become due and payable, and the Company has adequately provided in the Financial Statements and the Interim Financial Statements (without regard to any footnotes) for all material Taxes accrued through the date of such Financial Statements and Interim Financial Statements that were not yet due and payable as of the date thereof in accordance with GAAP. All Taxes of the Company or any of its Subsidiaries accrued following the end of the most recent period covered by the Financial Statements have been accrued in the ordinary course of business consistent with past practice. Each of the Company and its Subsidiaries has withheld and paid all material Taxes required to be withheld and paid in connection with any amounts paid or owing to any Person.

(d) Post-Closing Periods.

(i) Neither the Company nor any of its Subsidiaries has agreed to, or will be required to, include any material item of income in, or exclude any material item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of (A) the application of Section 481 or Section 263A of the Code (or any corresponding or similar provisions of state, local or foreign Tax laws) to transactions, events or accounting methods employed prior to the Closing, (B) any "closing agreement," as described in Section 7121 of the Code (or any corresponding or similar provision of state, local or foreign Tax Law) executed on or prior to the Closing Date, (C) any "intercompany transaction" or any "excess loss account" (within the meaning of Treasury Regulations Sections 1.1502-13 and 1.1502-19, respectively) (or any corresponding or similar provisions of state, local or foreign Tax Law), (D) any installment sale, open transaction or other similar transaction made on or prior to the Closing Date, (E) any prepaid amount received on or prior to the Closing Date or (F) any election under Section 108(i) of the Code.

(ii) No Taxing Authority has operated or agreed to operate any material Tax holiday or material similar arrangement (being an arrangement which is not directly based on relevant legislation, even if based on any published practice, including rulings and agreements with the Taxing Authorities) in relation to the affairs of the Company or any of its Subsidiaries.

(e) Tax Characterization; Tax Status. Neither the Company nor any of its Subsidiaries (i) has been a member of an affiliated consolidated, combined, unitary or similar group for Tax purposes (other than a group the common parent of which was the Company) or (ii) is or could be liable for material Taxes of any Person (other than the Company or such Subsidiary, under Regulation § 1.1502-6 or any similar provision of state, local or foreign law, as applicable), or as a transferee or successor. Neither the Company nor any of its Subsidiaries has ever participated in or cooperated with an international boycott within the meaning of Section 999 of the Code.

(f) Tax Action. No unresolved written claim for assessment or collection of material Taxes has been or is presently being asserted, or is otherwise outstanding against the Company or any of its Subsidiaries. There is no Action by any Taxing Authority pending or, to the Knowledge of the Company, threatened against the Company or any of its Subsidiaries with respect to material Taxes, and there are no Encumbrances for material Taxes upon any of the assets of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has outstanding powers of attorney with respect to any material amount of Taxes.

(g) Tax Agreements. Neither the Company nor any of its Subsidiaries is a party to, or bound by any obligation under, any material Tax sharing, Tax allocation, Tax indemnity or similar agreement or arrangement (other than commercial contracts entered into in the ordinary course of business that do not relate primarily to Taxes).

(h) Jurisdictions; Treaty Benefits. Neither the Company nor any of its Subsidiaries is or has been subject to net income Tax in any jurisdiction other than its place of organization by virtue of having a permanent establishment, a permanent representative, or other place of business or taxable presence in the jurisdiction. No claim has been made by a Taxing Authority where the Company or any of its Subsidiaries does not file a particular type of Tax Return that the Company or such Subsidiary is required to file such Tax Return or may be subject to Tax with respect to such Tax Return. The Company and its Subsidiaries were fully entitled to any and all material benefits that have been previously claimed under any Tax treaty or similar agreement in any jurisdiction. Section 2.16(h) of the Company Disclosure Schedule sets forth (i) all income and other material Tax Returns of the Company and each of its Subsidiaries filed in the last three (3) tax years and (ii) each state, county, locality and foreign jurisdiction with respect to which the Company or any of its Subsidiaries is required to file and currently files any Tax Return.

(i) Tax Avoidance. Neither the Company nor any of its Subsidiaries have entered into any “tax shelter” transaction as defined in Sections 6662, 6011, 6012 or 6111 of the Code or the Regulations promulgated thereunder or listed transaction within the meaning of Treasury Regulations Section 1.6011-4(b) with the sole or dominant purpose of the avoidance or reduction of a Tax Liability with respect to which there is a significant risk of challenge of such transaction by a Taxing Authority.

(j) Spin-Offs. Neither the Company nor any of its Subsidiaries has been involved in the last two (2) years in a distribution intended to qualify for treatment under Section 355 of the Code.

(k) Nonqualified Deferred Compensation Plans. With respect to each Employee Plan, that is a “nonqualified deferred compensation plan” (within the meaning of Section 409A(d)(1) of the Code) subject to Section 409A of the Code, such Employee Plan has been operated since January 1, 2005 in good faith compliance with Section 409A of the Code (together with the guidance and regulations thereunder, including the final Treasury Regulations issued thereunder, “Section 409A”) and has been, since January 1, 2009, in documentary and operational compliance with Section 409A. No Option (whether currently outstanding or previously exercised) is, has been or would be, as applicable, subject to any tax, penalty or interest under Section 409A of the Code. There is no Contract, agreement, plan or arrangement to which the Company or any of its Subsidiaries is a party, including the provisions of this Agreement, covering any current or former employee, director or consultant of the Company or its Subsidiaries, which individually or collectively could require the Company or any of its Affiliates to pay a Tax gross up payment to any current or former employee, director or consultant for Tax-related payments under Section 409A of the Code.

(l) Parachute Payment. Neither the execution of this Agreement nor the consummation of the transactions contemplated by this Agreement (whether alone or in connection with

any other event(s)), will result in the payment of any amount or provision of any benefit that would, individually or in combination with any other such payment or benefit, constitute an "excess parachute payment," as defined in Section 280G(b)(1) of the Code (determined without regard to Subsection (b)(4) thereof). Section 2.16(l) of the Company Disclosure Schedule lists each "disqualified individual" (as defined in Section 280G of the Code and the regulations thereunder) determined as of the date hereof. Neither the Company nor any of its Subsidiaries has any obligation to gross-up or indemnify any individual with respect to any Taxes imposed under Section 4999 of the Code.

(m) Transfer Pricing; Records and Reporting. As of the date hereof, all charges for goods or services made between the Company and its Subsidiaries, or between the Company's Subsidiaries, are in material compliance with all transfer pricing requirements under Applicable Law. The Company and its Subsidiaries have materially complied with all information reporting and record keeping requirements under Applicable Law, including retention and maintenance of required records with respect thereto.

(n) This Section 2.16 constitutes the exclusive representations and warranties of the Company and its Subsidiaries with respect to Tax matters.

Section 2.17 Material Contracts.

(a) Section 2.17(a) of the Company Disclosure Schedule sets forth a complete and correct list of all Contracts of the following nature in effect as of the date hereof to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries, or any of their respective properties or assets, is otherwise bound other than Contracts solely among the Company and its Subsidiaries (each a "Material Contract" and collectively, the "Material Contracts"):

(i) any Contract in respect of the Company's and its Subsidiaries' businesses evidencing Indebtedness of the Company or any of its Subsidiaries for borrowed money or the deferred purchase price of property (whether incurred, assumed, guaranteed or secured by any asset) in excess of $1,000,000;

(ii) any Contract pursuant to which the Company or any of its Subsidiaries has provided funds to, or made any loan, capital contribution or other investment in, or assumed, guaranteed or agreed to act as a surety with respect to, any Indebtedness of, any Person, other than the Company or its Subsidiaries;

(iii) any Contract for the issuance of any debt or equity security or other ownership interest, or the conversion of any obligation, instrument or security into debt or equity securities or other ownership interests of, the Company or any of its Subsidiaries, or for the purchase of any debt or equity security or other ownership interest of any Person, other than Employee Plans and any offer letters for at will employment;

(iv) any Contract that purports to limit, curtail or restrict the ability of the Company or any of its Subsidiaries to compete in any geographic area or line of business, make sales to any Person in any manner, use or enforce any material Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries (other than customary limitations in license agreements with respect to the use of licensed materials, ordinary course exclusive distribution agreements, or any other Contract identified in Section 2.17(a) of the Company Disclosure Schedule under any other provision of this Section 2.17(a)), or hire or solicit any Person in any manner (other than agreements which may contain covenants not to solicit employees of third parties entered into in the ordinary course of business with clients, customers, vendors or third parties or customary non-disclosure agreements), or that grants the other party or any third Person "most favored nation" or similar status or any right of first refusal, first notice or first negotiation;

(v) any Contract that requires a third party consent to, or otherwise contains a right of a third party to terminate, under a provision relating to a "change of control" that would prohibit or delay the consummation of the transactions contemplated by this Agreement or any of the other Transaction Documents;

(vi) any Contract pursuant to which the Company or any of its Subsidiaries is the lessee or lessor of, or holds, uses, or makes available for use to any Person (other than the Company or a Subsidiary thereof), (A) any real property or (B) any tangible personal property and, in the case of clause (B), that involves an aggregate future payment or receivable, as the case may be, in excess of $250,000 or more on an annual basis;

(vii) any executory Contract for the sale or purchase of any real property in an amount in excess of $250,000 or, other than Company Products in the ordinary course of business consistent with past practice, for the sale or purchase of any tangible personal property in an amount in excess of $500,000;

(viii) any Contract obligating the Company or any of its Subsidiaries to indemnify or hold harmless any Person for an amount in excess of the greater of (A) $500,000 and (B) the aggregate consideration paid or owed to or by the Company under such Contract during the 12-month period immediately preceding the indemnification claim;

(ix) any Contract not otherwise required to be listed under another subsection of this Section 2.17 that includes any option to purchase or covenant not to bring claims of infringement or misappropriation of, in each case, any Intellectual Property owned by or exclusively licensed to the Company or any of its Subsidiaries;

(x) any Contract (other than Employee Plans) with any Related Party (other than with employees) of the Company or any of its Subsidiaries providing for aggregate consideration in excess of $200,000;

(xi) any written (A) employment Contract with a U.S. employee providing for base compensation of $200,000 or more on an annual basis or (y) consulting, accounting, attorney or investment banking firm Contract providing for payment of $250,000 or more on an annual basis, other than those that have a term of less than one (1) year or are terminable without penalty upon sixty (60) days' notice or less;

(xii) any reselling, sales, marketing, merchandising or distribution Contract providing for payments to or by the Company in excess of $5,000,000;

(xiii) any joint venture or partnership, merger, asset or share purchase or divestiture Contract relating to the Company or any of its Subsidiaries pursuant to which any obligations of the Company or its Subsidiaries remain outstanding;

(xiv) any Inbound License Agreements;

(xv) any Outbound License Agreements;

(xvi) any collective bargaining, works council, or similar labor union or employee-representative Contract representing any employee of the Company or its Subsidiaries;

(xvii) any Contract relating to settlement of any administrative or judicial proceedings other than (A) releases immaterial in nature or amount entered into with former employees or current or former independent contractors of the Company or any of the Company's Subsidiaries in the ordinary course of business, (B) settlement agreements for cash and/or the provision of products and/or services only (which have been paid or provided) that do not exceed $250,000 individually as to any such settlement or (C) settlement agreements under which none of the Company or any of the Company's Subsidiaries have any continuing material obligations, Liabilities or rights (excluding releases);

(xviii) any Government Contract for aggregate consideration in excess of $100,000; and

(xix) any other Contract not of a category or type described in the foregoing clauses (i)-(xviii) or otherwise identified in Section 2.17(a) of the Company Disclosure Schedule, whether or not made in the ordinary course of business consistent with past practice, that (A) involves payments by the Company and its Subsidiaries in excess of $500,000 on an annual basis or in excess of $1,000,000 over the current Contract term, with a term of greater than one (1) year that cannot be cancelled by the Company or a Subsidiary of the Company without penalty or further payment on thirty (30) days' (or less) notice, (B) involves payments to the Company and its Subsidiaries in excess of $250,000 on an annual basis or in excess of $500,000 over the current Contract term or (C) the termination of which would reasonably be expected to result in a Company Material Adverse Effect.

(b) The Company has Made Available complete and correct copies of the Material Contracts to Purchaser, including all material modifications, amendments and supplements thereto. Each of the Material Contracts constitutes the valid and legally binding obligation of the Company or a Subsidiary thereof, as applicable, enforceable in accordance with its terms (subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity), and is in full force and effect in all material respects. There is no material breach or default under any Material Contract either by the Company or any of its Subsidiaries or, to the Knowledge of the Company, by any other party thereto, no event has occurred that with the giving of notice, the lapse of time, or both would constitute a breach or default thereunder by the Company or any of its Subsidiaries, and neither the Company nor any of its Subsidiaries has received any claim of any such breach or default.

(c) No party to any Material Contract has given notice to the Company or any of its Subsidiaries of, or made a claim against the Company or any of its Subsidiaries in respect of, any material breach or default thereunder.

Section 2.18 Tangible Assets.

(a) The Company and its Subsidiaries own, and have good and valid title to, or, in the case of leased properties and assets, valid leasehold interests in, all of their respective tangible properties and assets that are used or held for use in their respective businesses, including all of the assets reflected on the Balance Sheet or acquired in the ordinary course of business consistent with past practice since the date of the Balance Sheet (except for those assets sold or otherwise disposed of for fair value since the date of the Balance Sheet in the ordinary course of business consistent with past practice), in each case free and clear of any Encumbrances, except as reflected on the Balance Sheet or for Taxes not yet due and payable. All tangible assets owned or leased by the Company or its Subsidiaries are maintained in all material respects in accordance with generally accepted industry practice, are in all material respects in good operating condition and repair, ordinary wear and tear excepted, and are adequate for the uses to which they are being put.

(b) This Section 2.18 does not relate to real property or interests in real property, such items being the subject of Section 2.13 (*Real Property*), or to Intellectual Property, such items being the subject of Section 2.15 (*Intellectual Property*).

Section 2.19 Insurance. All insurance policies maintained by the Company and its Subsidiaries as of the date hereof are listed in Section 2.19 of the Company Disclosure Schedule (the "Insurance Policies"). Each Insurance Policy is in full force and effect and is valid, outstanding and enforceable, and all premiums due thereon have been paid in full (or if installment payments are due, will be paid if incurred prior to the Closing Date). No insurer under any Insurance Policy has cancelled or generally disclaimed Liability under any such policy or, to the Knowledge of the Company, indicated any intent to do so or not to renew any such policy. No claim currently is pending under any such policy, and all prior claims under the Insurance Policies have been filed in a timely fashion, in case except as would not reasonably be expected to have a material and adverse effect on the Company. Neither the Company nor any of its Subsidiaries has established or operated under a formalized self-insurance program.

Section 2.20 Certain Business Practices.

(a) None of the Company, any of its Subsidiaries, or, any of their respective officers, directors or employees, or to the Knowledge of the Company, any other Representatives of the Company or any of its Subsidiaries have, directly or indirectly, taken any action which would cause them to be in violation of: (i) the principles set out in the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions; (ii) the Foreign Corrupt Practices Act of 1977, as amended, or any rules or regulations thereunder; (iii) the UK Bribery Act 2010; and (iv) any other applicable anti-corruption and/or anti-bribery laws, statutes, rules, regulations, ordinances, judgments, orders, decrees, injunctions, and writs of any governmental authority of any jurisdiction applicable to the Company or its Subsidiaries (whether by virtue of jurisdiction or organization or conduct of business) (collectively, the "Applicable Anti-Corruption Laws").

(b) To the extent a violation of Applicable Anti-Corruption Laws, none of the Company or any of its Subsidiaries, or any of their respective officers, directors or employees, or to the Knowledge of the Company, any other Representatives of the Company or any of its Subsidiaries, or any other Person acting on behalf of the Company or any of its Subsidiaries, have, directly or indirectly, offered, paid, promised to pay, or authorized a payment, of any money or other thing of value (including any fee, gift, sample, travel expense or entertainment) or any commission payment, or any payment related to political activity, to any of the following persons for the purpose of influencing any act or decision of such person in his official capacity, inducing such person to do or omit to do any act in violation of the lawful duty of such official, securing any improper advantage, or inducing such person to use his influence with a foreign government or instrumentality thereof to affect or to influence any act or decision of such government or instrumentality, in order to assist the Company in obtaining or retaining business for or with, or directing the business to, any Person: (i) any person who is an agent, representative, official, officer, director, or employee of any non-U.S. government or any department, agency, or instrumentality thereof (including officers, directors, and employees of state-owned, operated or controlled entities) or of a public international organization; (ii) any person acting in an official capacity for or on behalf of any such government, department, agency, instrumentality, or public international organization; (iii) any political party or official thereof; (iv) any candidate for political or political party office (such recipients in paragraphs (i), (ii), (iii) and (iv) of this Section 2.20(b) collectively, "Government Officials"); or (v) any other individual or entity while knowing or having reason to believe that all or any portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any Government Official.

(c) The Company and its Subsidiaries have established reasonable and adequate internal controls and procedures intended to ensure compliance with Applicable Anti-Corruption Laws. To the Knowledge of the Company, the transactions of the Company and its Subsidiaries are accurately recorded on the books and records of the applicable entity, and there are no false or fictitious entries in the books and records of the Company or any of its Subsidiaries.

(d) None of the Company, any of its Subsidiaries, or any of their respective officers, directors or employees, or to the Knowledge of the Company, any other Representatives of the Company or any of its Subsidiaries, has made any payments or transfers of value with the intent, or which have the purpose or effect, of engaging in commercial bribery, or acceptance of or acquiescence in kickbacks or other unlawful or improper means of obtaining business.

Section 2.21 Product Warranties; Product Liability.

(a) Section 2.21(a) of the Company Disclosure Schedule sets forth complete and correct copies of the current standard forms of warranties and guaranties given by the Company and its Subsidiaries with respect to their respective products and services, including written descriptions of any oral warranties or guaranties. No warranties have been given with respect to the Company's or any of its Subsidiary's products and services that deviate from the forms set forth in Section 2.21(a) of the Company Disclosure Schedule, other than those for which complete and correct copies have been Made Available to Purchaser or such deviations as would not reasonably be expected to have a Company Material Adverse Effect. Neither the Company nor any of its Subsidiaries has received any material warranty claims, has any material warranty claims pending, or, to the Knowledge of the Company, is threatened with any material warranty claims under any Contract.

(b) There are no material defects in the design or manufacture of any of the products of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has received any written notice of a material claim against the Company or any of its Subsidiaries alleging a design or manufacturing defect in any products of the Company or any of its Subsidiaries, in each case, excluding any and all requests for product returns in the ordinary course consistent with past experience of the Company and its Subsidiaries.

Section 2.22 Suppliers and Customers.

(a) Section 2.22(a) of the Company Disclosure Schedule sets forth a complete and correct list of: (i) the three (3) largest currently active suppliers to the Company and its Subsidiaries, taken together, during each of the past three (3) fiscal years representing approximately seventy-five percent (75%) of the amounts paid by the Company or its Subsidiaries to its suppliers (based on the aggregate Dollar amount paid to such supplier by the Company and its Subsidiaries during such year) (the "Top Suppliers"); (ii) the ten (10) largest currently active customers of the Company and its Subsidiaries, taken together, during each of the past three (3) fiscal years (based on the aggregate Dollar amount of revenue recognized by the Company and its Subsidiaries during such year) (the "Top Customers"); and (iii) the ten (10) largest currently active distributors of the Company and its Subsidiaries, taken together, during each of the past three (3) fiscal years (based on the aggregate Dollar amount of revenue recognized by the Company and its Subsidiaries during such year) (the "Top Distributors").

(b) Neither the Company nor any of its Subsidiaries has received any written notice, letter, complaint or other written communication (i) from any Top Supplier or (ii) as of the date hereof,

from any Top Customer or Top Distributor, in each case to the effect that it (x) has materially changed, modified, amended or reduced, or is reasonably likely to change, modify, amend or reduce, its business relationship with the Company or any of its Subsidiaries in a manner that is, or is reasonably likely to be, materially adverse to the Company or any of its Subsidiaries, or (y) will fail to perform, or is reasonably likely to fail to perform, any material obligations under any Material Contract with the Company or any of its Subsidiaries in any manner that is, or is reasonably likely to be, materially adverse to the Company or any of its Subsidiaries.

Section 2.23 Brokers. Except for fees payable to Morgan Stanley, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents based upon arrangements made by or on behalf of the Company or any of its Subsidiaries.

Section 2.24 Bank Accounts; Powers of Attorney. Section 2.24 of the Company Disclosure Schedule sets forth a complete and correct list showing (a) all banks in which the Company or any of its Subsidiaries maintains a bank account or safe deposit box, together with, as to each such bank account, the account number, and the names of all signatories thereof and, with respect to each such safe deposit box, the number thereof and the names of all Persons having access thereto; and (b) the names of all Persons, if any, holding powers of attorney from the Company or any of its Subsidiaries, complete and correct copies of which have been Made Available to Purchaser other than those among the Company and its Subsidiaries.

Section 2.25 Legal Status of Directors, Officers, Employees and Contractors. None of the Company's directors or officers and, to the Knowledge of the Company, none of the Company's employees or contractors are identified on any of the following documents: (i) the Office of Foreign Assets Control of the United States Department of the Treasury list of "Specially Designated Nationals and Blocked Persons"; (ii) the Bureau of Industry and Security of the United States Department of Commerce "Denied Persons List," "Entity List" or "Unverified List"; (iii) the Office of Defense Trade Controls of the United States Department of State "List of Debarred Parties"; or (iv) the United Nations Security Council Counter-Terrorism Committee "Consolidated List."

Section 2.26 Related Party Transactions.

(a) There are no Contracts by and between the Company or any of its Subsidiaries, on the one hand, and any Related Party of the Company or any of its Subsidiaries, on the other hand, pursuant to which such Related Party provides or receives any information, assets, properties, support or other services to or from the Company or any of its Subsidiaries, other than Employee Plans or other employee arrangements, or Company obligations to indemnify in such Related Party's capacity as a director of the Company.

(b) Other than in the ordinary course of business under the Contracts referred to in Section 2.26(a) of the Company Disclosure Schedules or in connection with the Micron Acquisition or the Cash Adjustments, (i) there are no outstanding notes payable to, accounts receivable from or advances by the Company or any of its Subsidiaries to, and neither the Company nor any of its Subsidiaries is otherwise a debtor or creditor of, or has any Liability to, any Related Party of the Company or any of its Subsidiaries and (ii) since the date of the Balance Sheet, neither the Company nor any of its Subsidiaries has incurred any Liability to, or entered into or agreed to enter into any transaction with or for the benefit of, any Related Party of the Company or any of its Subsidiaries, other than the transactions contemplated by this Agreement and the other Transaction Documents.

Section 2.27 Data Protection. Each of the Company and its Subsidiaries (a) is in material compliance with all Data Protection Laws and (b) for the past three (3) years has been in compliance with all Data Protection Laws except as would not reasonably be expected to have a Company Material Adverse Effect. Each of the Company and its Subsidiaries has used commercially reasonable efforts to ensure that personally identifiable information collected by the Company and its Subsidiaries is protected against loss, damage, and unauthorized access, use, modification, or other misuse. To the Knowledge of the Company, (i) there has been no unauthorized access, use, modification, loss or damage or other misuse of any such information by the Company or any of its Subsidiaries (or any of their respective employees), and (ii) no Person (including any Governmental Entity) has made any claim or commenced any Action in writing with respect to loss, damage, or unauthorized access, use, modification, or other misuse of any such information by the Company or any of its Subsidiaries (or any of their respective employees).

Section 2.28 Information Technology. There has been no failure or breakdown of any material Back-Office Systems that has caused a material disruption or interruption in or to, the operation of the business of the Company or any of its Subsidiaries. Except as would not reasonably be expected to have a Company Material Adverse Effect, the Company and its Subsidiaries have taken commercially reasonable steps to provide for the remote-site back-up of data and information material to the Company and its Subsidiaries. The Company and its Subsidiaries have in place commercially reasonable disaster recovery and business continuity plans and procedures.

Section 2.29 Export Control Laws. Each of the Company and its Subsidiaries is, and at all times during the past five (5) years has been, in compliance in all material respects with all Export Control Laws. Without limiting the foregoing: (a) each of the Company and its Subsidiaries has obtained all export licenses and other material approvals legally required for its exports of products, Software and technologies required by any Export Control Law and all such approvals and licenses are in full force and effect, (b) to the Knowledge of the Company, there are no pending or threatened claims against the Company or any of its Subsidiaries with respect to such export licenses or other approvals, and (c) there are no actions, conditions or circumstances pertaining to the Company's or any of its Subsidiaries' export transactions that would give rise to future Actions against the Company or any of its Subsidiaries. No approval is required under any Export Control Law for the transfer of any export licenses from the Company, unless such approval can be obtained expeditiously without material cost. Section 2.29 of the Company Disclosure Schedule sets forth the true, complete and accurate listing of the export control classification numbers under the applicable Export Control Laws applicable to the Company's products, software and technologies, indicating the basis for each such classification.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES OF PURCHASER AND MERGER SUB

Purchaser and Merger Sub hereby represent and warrant to the Company as follows:

Section 3.1 Organization and Qualification. Purchaser is a private company with limited liability company duly organized, validly existing and in good standing under the Applicable Laws of the Netherlands, and Merger Sub is an exempted company limited by shares validly existing and in good standing pursuant to the provisions of the CICL. Each of Purchaser and Merger Sub (a) has the requisite corporate power and authority to own, lease and operate all of its properties and assets and to carry on its business as it is now being conducted and (b) is duly qualified or licensed as a foreign company to do business, and is in good standing (to the extent such concept or a comparable status is recognized), in each jurisdiction where the character of its properties and assets occupied, owned, leased or operated by it or the nature of its business makes such qualification or licensing necessary, except for any such failures to be so qualified or licensed and in good standing that, individually and in the aggregate, have not had and would not reasonably be expected to have a Purchaser Material Adverse Effect.

Section 3.2 Authority. Each of Purchaser and Merger Sub has all necessary corporate power and authority to execute and deliver this Agreement and each other Transaction Document to which it is or, at the Closing, will become a party, subject to obtaining a special resolution passed by the shareholders of Merger Sub in accordance with the CICL, to perform its obligations under this Agreement and each such other Transaction Document and to consummate the transactions contemplated hereby and thereby. The execution and delivery of this Agreement and each other Transaction Document to which Purchaser or Merger Sub is or, at the Closing, will become a party, and the consummation of the transactions contemplated hereby and thereby have been duly and validly authorized by the board of directors of Purchaser and Merger Sub, the stockholders of Purchaser (if required) and Purchaser as the sole shareholder of Merger Sub, and no other corporate proceedings on the part of Purchaser or Merger Sub are necessary to authorize this Agreement and each other Transaction Document to which Purchaser or Merger Sub, as applicable, is or, at the Closing, will become a party or to consummate the transactions contemplated hereby and thereby. This Agreement and each such other Transaction Document to which Purchaser or Merger Sub, as applicable is or, at the Closing, will become a party have been or, at the Closing, will be, as the case may be, duly and validly executed and delivered by Purchaser or Merger Sub, as applicable and, assuming the due authorization, execution and delivery hereof and thereof by the other parties hereto and thereto, constitute or, with respect to any Transaction Document to be executed at the Closing, will constitute valid, legal and binding obligations of Purchaser or Merger Sub, as applicable, enforceable against Purchaser or Merger Sub, as applicable, in accordance with their respective terms, subject to any applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws now or hereafter in effect relating to creditors' rights generally or to general principles of equity.

Section 3.3 No Conflict; Required Consents and Approvals.

(a) The execution, delivery and performance by each of Purchaser and Merger Sub of this Agreement and each of the Transaction Documents to which it is or will be a party, and the consummation of the transactions contemplated hereby and thereby, do not and will not: (i) conflict with or violate the certificate of incorporation, bylaws or memorandum or articles of association of Purchaser or Merger Sub, as the case may be; (ii) conflict with or violate any Applicable Law with respect to Purchaser or Merger Sub, as the case may be; or (iii) result in any breach of, constitute a default (or an event that, with notice or lapse of time or both, would become a default or breach) under, require any consent of or notice to any Person pursuant to, or give to others any right of termination, amendment, acceleration or cancellation of, or result in the creation of an Encumbrance on any property or asset of Purchaser or any of its Subsidiaries pursuant to, or result in the loss of any benefit under, any Contract or permit of Purchaser or Merger Sub, as applicable, except, in the case of the foregoing clauses (i), (ii) and (iii), for any such conflicts, violations, breaches, defaults or other occurrences that would not, individually or in the aggregate, have a Purchaser Material Adverse Effect.

(b) The execution, delivery and performance by each of Purchaser and Merger Sub of this Agreement and each of the Transaction Documents to which it is or will be a party and the consummation of the transactions contemplated hereby or thereby by Purchaser or Merger Sub do not, and the performance of this Agreement by Purchaser or Merger Sub will not, require any consent, approval, authorization or permit of, or filing with or notification to, any Governmental Entity for such performance or in order to prevent the termination of any right, privilege, license or qualification of Purchaser or any of its Subsidiaries, except for (i) any filings required to be made under the HSR Act and other applicable Antitrust Laws, and (ii) the filing of the Plan of Merger with the Cayman Islands Registrar of Companies.

Section 3.4 Brokers. Except for fees payable to GCA Savvian, no broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement or any of the other Transaction Documents based upon arrangements made by or on behalf of Purchaser or Merger Sub.

Section 3.5 Investment Representation. Each of Purchaser and Merger Sub is acquiring the Shares through the Transactions for its own account with the present intention of holding such securities for investment purposes and not with a view to, or for sale in connection with, any distribution of such securities in violation of any federal or state securities laws.

Section 3.6 Litigation. There is no material Action pending or to the knowledge of the Purchaser or Merger Sub, threatened, on behalf of or against Purchaser or Merger Sub that questions or challenges (a) the validity of this Agreement or any Transaction Document to which they are a party or (b) any action taken or to be taken by them pursuant to this Agreement or any Transaction Document to which they are a party or in connection with the transactions contemplated hereby and thereby. Neither Purchaser nor Merger Sub is subject to any material outstanding Action or Governmental Orders in respect of this Agreement, any Transaction Document to which they are a party or the transactions contemplated hereby and thereby.

Section 3.7 Ownership; No Prior Activities and Agreements. Merger Sub is a Subsidiary of Purchaser, and Purchaser owns beneficially and of record all of the outstanding shares of Merger Sub. Except for obligations incurred in connection with its incorporation or organization or the negotiation and consummation of this Agreement and the transactions contemplated hereby, Merger Sub has not incurred any obligation or liability or engaged in any business or activity of any type or kind whatsoever or entered into any agreement or arrangement with any Person. There are no Contracts between Purchaser, Merger Sub or any of their respective Affiliates, on the one hand, and any member of the management, directors or equityholders of the Company or any of its Subsidiaries, on the other hand, as of the date hereof, that relate in any way to the Company or any of its Subsidiaries or the transactions contemplated hereby.

ARTICLE 4
COVENANTS

Section 4.1 Conduct of Business of the Company. During the period from the date hereof and continuing until the earlier of the termination of this Agreement in accordance with the terms hereof and the Closing, except as expressly contemplated by this Agreement (including the Cash Adjustments) or in connection with the Micron Acquisition or as set forth in Schedule 4.2, the Company shall, and shall cause its Subsidiaries to, use commercially reasonable efforts to conduct the businesses of the Company and its Subsidiaries only in the ordinary course of business consistent with past practice and in compliance in all respects with all Applicable Law, and in particular to:

(a) (i) pay outstanding accounts payable (including outstanding invoices for services provided by third parties to the Company and its Subsidiaries) as determined in accordance with GAAP in the ordinary course of business consistent with past practice and (ii) pay all other Indebtedness when due;

(b) use commercially reasonable efforts consistent with past practice to collect accounts receivable when due and not extend credit outside of the ordinary course of business consistent with past practice;

(c) sell products and services consistent with past practice as to license, service and maintenance terms;

(d) recognize revenue consistent with past practice and policies and in accordance with GAAP requirements;

(e) prosecute and maintain its registrations and applications to register material Intellectual Property owned by the Company or its Subsidiaries, including paying any related fees when due;

(f) keep available the services of its present officers and employees consistent with past practice;

(g) preserve intact their present business relationships with customers, suppliers, distributors, licensors, lessors and other third parties having business dealings with the Company and its Subsidiaries, in each case, consistent with the Company's and its Subsidiaries' respective past practices; and

(h) use commercially reasonable efforts to pay or perform its other obligations when due and maintain its assets and properties in good operating condition and repair (including Leased Real Property) consistent with past practice.

Section 4.2 Restrictions on Conduct of Business of the Company. Without limiting the generality or effect of the provisions of Section 4.1 (*Conduct of Business of the Company*), except as expressly contemplated by this Agreement (including the Cash Adjustments and the incurrence of Transaction Expenses) or in connection with the Micron Acquisition or as set forth in Schedule 4.2, during the period from the date hereof and continuing until the earlier of the termination of this Agreement and the Closing, the Company shall not, and shall cause its Subsidiaries to not, directly or indirectly, do, cause or permit any of the following (except to the extent expressly set forth otherwise in this Agreement or with the prior written consent of Purchaser, such consent not to be unreasonably withheld, conditioned or delayed; *provided*, *however*, that Purchaser shall be deemed to have consented if Purchaser does not object in writing within seventy-two (72) hours after a written request for such consent is delivered to Purchaser by the Company):

(a) amend or otherwise change its memorandum or articles of association or equivalent governing documents;

(b) except as expressly set forth in Section 4.18 (*Indemnification; Directors' and Officers' Insurance*), issue, sell, pledge, dispose of, grant or otherwise subject to any Encumbrance, or authorize the issuance, sale, pledge, disposition, grant or Encumbrance of, any shares in the capital or any debt securities of the Company or any of its Subsidiaries, or any options, warrants, convertible securities or other rights of any kind to acquire any such shares in the capital or debt securities, or any other ownership interest, of the Company or any of its Subsidiaries, except pursuant to the terms of Options or RSUs outstanding on the date of this Agreement, in accordance with their terms as existing on the date of this Agreement;

(c) transfer, lease, sell, pledge, license, dispose of or subject to any Encumbrance any tangible assets or properties of the Company or its Subsidiaries with a value or purchase price in the aggregate for such tangible assets or properties in excess of $1,000,000, except for sales and non-exclusive licenses of products, tangible assets or properties in the ordinary course of business pursuant to Contracts for the sale of the Company's and its Subsidiaries' products and services in the ordinary course of business;

(d) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its share capital (other than dividends or distributions made by a Subsidiary of the Company to the Company or another of its Subsidiaries);

(e) reclassify, combine, split, subdivide or redeem, or purchase or otherwise acquire, directly or indirectly, any of its share capital or make any change to the Company's capital structure, except (i) for repurchases of shares in connection with or within six (6) months of any termination of service or (ii) in connection with withholding to satisfy Tax obligations with respect to Options, or acquisitions in connection with the vesting or forfeiture of equity awards, or acquisitions in connection with the net exercise of Options, in each case, outstanding on the date hereof in accordance with their terms as existing on the date of this Agreement;

(f) (i) acquire, directly or indirectly (including by merger, consolidation, acquisition of stock or assets or any other business combination), any corporation, partnership, other business organization or any division thereof or any other business, or any equity interest in any Person or assets in an extraordinary transaction having a purchase price in excess of $500,000, except Inventory in the ordinary course of business consistent with past practice; (ii) incur any Indebtedness, other than in the ordinary course consistent with past practice other than (A) purchase money borrowings, (B) indebtedness for borrowed money incurred in the ordinary course of business, and (C) intercompany indebtedness), or assume, guarantee or endorse, or otherwise become responsible for (contingently or otherwise), the Indebtedness of any other Person; (iii) make any loans, advances or capital contributions, except for loans or advances for travel expenses and extended payment terms for customers, in each case subject to Applicable Law and only in the ordinary course of business consistent with past practice; (iv) make, authorize or make any commitment with respect to, any single capital expenditure that is, individually, in excess of $500,000 or is, together with other capital expenditures that the Company or any of its Subsidiaries has made or authorized or to which the Company or any of its Subsidiaries has made a commitment with respect to a date or period following the date of this Agreement, in excess of $500,000, other than, in each case, as set forth in the 2014 budget as Made Available to Purchaser or satisfied in full prior to Closing; (v) make or direct to be made any capital investments in any Person, other than investments in any Subsidiary of the Company; or (vi) enter into any Material Contract providing for any matter set forth in this Section 4.2(f) other than in the ordinary course of business;

(g) except as expressly permitted by any clause of this Section 4.2(g), (i) increase the compensation payable or to become payable (including bonus grants and retention payments) or increase or accelerate the vesting of any benefits provided, or pay or award any payment or benefit not required by an Employee Plan as existing on the date hereof and disclosed in Section 2.11(a) of the Company Disclosure Schedule or by Applicable Law, to its current and former directors, officers or employees or other individual service providers, *provided, however*, that the Company may provide non-material increases in compensation to employees who are not officers or senior director-level employees to the extent that such increases are in the ordinary course of business consistent with past practice, (ii) grant any severance or termination pay or retention payments or benefits to, or enter into or amend or terminate any employment, severance, retention, change in control, individual consulting or termination Contract with, any current or former director, officer or other employee or other individual service providers of the Company or its Subsidiaries, (iii) establish, adopt, enter into or amend or terminate any collective bargaining, bonus, profit-sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, severance or other plan, Contract, trust, fund or policy for the benefit of any current or former director, officer or employee or other service providers, (iv) pay or make any accrual or other arrangement for, or take any action to fund or secure payment of, any severance pension, indemnification, retirement allowance, or other benefit, (v) hire, elect or appoint any officer or senior director-level employee, or (vi) terminate the employment, change the title, office or position, or materially reduce the responsibilities of any employee identified on Schedule 4.2(g)(vi) ("Key

Employee"); *provided, however,* that the Company may terminate the employment of a Key Employee for cause with the consent of Purchaser, which shall not be unreasonably withheld, conditioned or delayed. For purposes of the immediately preceding proviso, Purchaser shall be deemed to have consented to the termination of the Key Employee for cause if Purchaser does not object in writing within two (2) Business Days after a written request for such consent is delivered to Purchaser by the Company;

(h) change in any material respect any of the Company's accounting policies or procedures (including procedures with respect to the payment of accounts payable and collection of accounts receivable, and the revaluation of any assets), except in each case as required by changes in GAAP or Applicable Law;

(i) make any material change in any GAAP accounting treatment election, adopt or change any accounting period or adopt or change any accounting method, except in each case as required by changes in GAAP or Applicable Law;

(j) make any material change or revoke any material Tax election or allow any material Tax election previously made to expire, file any amended material Tax Return, adopt or change any Tax accounting method or Tax accounting period, enter into, cancel or modify any agreement with a Taxing Authority, settle any material Tax claim or assessment relating to the Company or any of its Subsidiaries, surrender any right to claim a refund of material Taxes, consent to any extension or waiver of the limitation period applicable to any material Tax claim or assessment relating to the Company or any of its Subsidiaries, destroy or dispose of any books and records with respect to Tax matters relating to periods beginning before the Closing and for which the statute of limitations is still open or under which a record retention agreement is in place with a Taxing Authority;

(k) commence, negotiate, settle, pay, discharge or satisfy any litigation, arbitration or other Action, or give any discount, accommodation or other concession that requires payment to or by the Company or any of its Subsidiaries (exclusive of attorney's fees) in excess of $150,000 in any single instance or in excess of the amount set forth on Schedule 4.2(k) in the aggregate (other than any Action (A) in the ordinary course of business consistent with past practice, in order to accelerate or induce the collection of any receivable, (B) that is covered by the Insurance Policies, (C) in such cases where the Company in good faith determines that failure to commence suit would result in the material impairment of a valuable aspect of its business (*provided* that it consults with Purchaser prior to the filing of such an Action), or (D) for a breach of this Agreement);

(l) (i) enter into any Contract or amendment (A) that would constitute a Material Contract under the provisions of clauses (iv), (v) or (xiii) of Section 2.17(a) or (B) other than in the ordinary course of business that would constitute a Material Contract under the provisions of clauses (viii), (xi), (xii), (xiv), (xv), (xvi) or (xviii) of Section 2.17(a) or (ii) amend or modify in any material respect (other than in the ordinary course of business) if in effect as of the date hereof or terminate (other than by expiration) any Material Contract; *provided*, *however*, that solely for purposes of this Section 4.2(l), the definition of "Material Contract" shall not include Contracts entered into with customers and suppliers of the Company in the ordinary course of business consistent with past practice;

(m) without limiting the generality or effect of the provisions of Section 4.2(l) above, enter into any Contract (i) under which the Company or its Subsidiaries grants or provides, or agrees to grant or provide, to any third Person any assignment, license, covenant, release, immunity or other right with respect to any Intellectual Property (other than in the ordinary course of business consistent with past practice); (ii) under which the Company or its Subsidiaries establishes with any third party a joint venture, strategic relationship, or partnership pursuant to which the Company or one of its Subsidiaries agrees to develop or create any material Intellectual Property, products or services; or (iii) that will cause or require

(or purport to cause or require) the Company or Purchaser or any of their Affiliates to (A) grant to any third party any license, covenant not to sue, immunity or other right with respect to or under any of the Intellectual Property of Purchaser or any of its Affiliates (other than in the ordinary course of business consistent with past practice), (B) be obligated to pay any royalties to any third party or (C) offer any discounts to any third party (other than in the ordinary course of business);

(n) enter into any agreement for the purchase, lease, sublease or license of Real Property or enter into any operating lease or any renewals thereof, other than in the ordinary course of business consistent with past practice;

(o) terminate, cancel or materially amend any Insurance Policy that is not promptly replaced by a comparable amount of insurance coverage;

(p) terminate, waive or cancel any right or registration of a right, including taking any action that would reasonably be expected to result in any loss, lapse, abandonment, invalidity or unenforceability of any material Intellectual Property owned by the Company or any of its Subsidiaries; and

(q) enter into any formal or informal agreement or commitment providing for any of the foregoing, or any action which would reasonably be expected to make the condition set forth in Section 5.1 (*Conditions to the Obligations of Purchaser and Merger Sub*) would not be satisfied.

Purchaser acknowledges and agrees that: (i) nothing contained in this Agreement shall give Purchaser, directly or indirectly, the right to control or direct the Company's or the Company Subsidiaries' operations prior to the Effective Time, (ii) prior to the Effective Time, each of the Company and Purchaser shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations, and (iii) notwithstanding anything to the contrary set forth in this Agreement, no consent of Purchaser shall be required with respect to any matter set forth in Section 4.2 (*Restrictions on Conduct of Business of the Company*) or elsewhere in this Agreement to the extent the requirement of such consent would violate applicable antitrust Law.

Section 4.3 Reasonable Efforts.

(a) Each of the parties to this Agreement agrees to use reasonable best efforts and to cooperate with each other party hereto, to take, or cause to be taken, all appropriate action to do, or cause to be done, all things necessary, proper or advisable under Applicable Law or otherwise to consummate and make effective the transactions contemplated by this Agreement and the Transaction Documents as promptly as practicable, including, subject to any applicable limitations set forth in this Section 4.3 and other provisions of this Agreement, causing the satisfaction of the respective conditions set forth in Article 5 (*Conditions to Closing*) and executing and delivering such other instruments and doing and performing such other acts and things as may necessary or reasonably desirable for effecting the consummation of the Merger or the other transactions contemplated hereby.

(b) Without prejudice to the provisions of Section 4.3(a) (*Reasonable Efforts*), if required by any Applicable Law, each of the parties hereto (i) shall file with the Federal Trade Commission (the "FTC") and the Antitrust Division of the U.S. Department of Justice (the "Antitrust Division") a pre-merger notification in accordance with the HSR Act with respect to the Merger within ten (10) Business Days after the date of this Agreement, and (ii) shall file an antitrust notification in the other jurisdictions set forth on Schedule 4.3(b) hereto as promptly as possible. Each of the parties hereto shall furnish promptly to the FTC, the Antitrust Division and any other requesting Governmental Entity any additional information requested by either of them pursuant to the HSR Act or any other applicable

Antitrust Law in connection with such filings. To the extent permitted by Applicable Law, and subject to all applicable privileges, including the attorney client privilege, each of the parties hereto shall, to the extent practicable, consult and cooperate with one another, and consider in good faith the views of one another, in connection with any analyses, appearances, presentations, memoranda, briefs, arguments, opinions and proposals made or submitted by or on behalf of any party hereto in connection with proceedings under or relating to the HSR Act or any other Antitrust Laws. Each of the parties hereto shall cooperate reasonably with each other in connection with the making of all such filings or responses.

(c) Notwithstanding anything to the contrary herein, nothing in this Agreement shall require Purchaser or any of its Subsidiaries or Affiliates to, and, except with the prior written consent of Purchaser, neither the Company nor any Shareholder shall take any action to, or shall allow any of the Subsidiaries of the Company to, consent or proffer to divest, hold separate, or enter into any license or similar Contract with respect to, or agree to restrict the ownership or operation of, any business or assets of Purchaser, the Company or any of their respective Subsidiaries or Affiliates.

(d) Each of Purchaser and the Company shall promptly inform the other of any oral communication with, and provide copies of written communications with, any Governmental Entity regarding any such filings or any such transaction to the extent permitted by Law. To the extent practical, neither Purchaser nor the Company shall independently participate in any meeting or conference call with any Governmental Entity in respect of any such filings, investigation, or other inquiry without giving the other prior notice of the meeting and, to the extent permitted by such Governmental Entity, the opportunity to attend and/or participate. If participation is not practical, the party participating in such communication with a Governmental Authority shall, to the extent not prohibited by the Governmental Authority, promptly inform the other party of the communication.

(e) Purchaser shall pay any applicable filing fee under the HSR Act and any other filing made pursuant to any other applicable Antitrust Law.

Section 4.4 Shareholder Approval.

(a) For the purpose of obtaining the Requisite Shareholder Approval, as soon as practicable following the execution and delivery of this Agreement, but in any event no later than three (3) Business Days thereafter, the Company shall (i) call an extraordinary general meeting of all Shareholders listed in Schedule B for the purpose of considering, and if thought fit, or (ii) solicit a unanimous written resolution of all Shareholders listed in Schedule B for the purpose of, adopting this Agreement and the Plan of Merger and approving the Resolutions.

(b) In connection with the solicitation of consent for the purpose of obtaining the Requisite Shareholder Approval, the Company shall furnish to Purchaser, as soon as practicable upon the delivery and effectiveness of the Resolutions, a copy of the Resolutions.

(c) As soon as reasonably practicable following the date of this Agreement, but in no event later than thirty (30) days following the date of this Agreement, the Company will seek shareholder approval, in accordance with Section 280G(b)(5)(B) of the Code, of the right of any "disqualified individual" to receive or retain any payments or benefits that would, in the absence of such shareholder approval, constitute "excess parachute payments" within the meaning of Section 280G of the Code (any such approval, to the extent obtained in a manner which satisfied all applicable requirements of Section 280G(b)(5)(B) of the Code and the regulations issued thereunder, referred to herein as the "280G Shareholder Approval"). At least one (1) day prior to seeking such approval, the Company shall use its reasonable best efforts to seek, obtain and deliver to Purchaser parachute payment waivers from each Person who is a "disqualified individual" (such Persons (as of the date hereof) being set forth in Section

2.16(1) of the Company Disclosure Schedule) such that unless such payments or benefits are approved by the Shareholders to the extent and in the manner prescribed under Section 280G(b)(5)(A)(ii) and 280G(b)(5)(B) of the Code and the regulations issued thereunder, such payments or benefits shall not be paid or provided and neither the intended recipients nor any other Person shall have any right or entitlement with respect thereto. The Company shall provide copies of any parachute payment waivers, information statements and voting materials related to the shareholder approval described in this Section 4.4(c) to Purchaser reasonably in advance of, but in no event later than five (5) days prior to, distribution to the Shareholders or the "disqualified individuals", as applicable, and Purchaser shall be provided with a reasonable opportunity to comment thereon. Notwithstanding anything herein to the contrary, including but not limited to any actions or failure to act which would be permitted under Section 4.1 (Conduct of Business of the Company) or Section 4.2 (Restrictions on Conduct of Business of the Company), neither the Company nor its Subsidiaries shall take any action (or permit or cause to be taken any action) that could or would reasonably be expected to invalidate the 280G Shareholder Approval, if obtained.

Section 4.5 Third Party Notices and Consents; Certain Amendments and Terminations.

(a) The Company shall use commercially reasonable efforts to deliver such notices and obtain prior to the Closing, such consents, waivers and approvals of third parties as may be necessary or appropriate to permit the consummation of the Merger and any Contract entered into after the date hereof that would have been required to be listed or described in Section 2.17(a) of the Company Disclosure Schedule if entered into prior to the date hereof.

(b) The Company shall give all notices and other information required to be given prior to Closing to the employees of the Company and any applicable Governmental Entity under the WARN Act, the National Labor Relations Act, as amended, the Code, COBRA and other Applicable Laws in connection with the transactions contemplated by this Agreement.

Section 4.6 Confidentiality. The parties understand and agree that this Agreement is subject to the terms and conditions of the certain Confidentiality Agreement entered into between ON Semiconductor Corporation and the Company dated January 14, 2014 (the "Confidentiality Agreement"). Each party that is not a party to the Confidentiality Agreement, including the Equityholder Representative, will hold, and will direct its Representatives to hold, in confidence, in accordance with the terms of the Confidentiality Agreement as if such party were a party to the Confidentiality Agreement and a "receiving party" thereunder, all documents and information made available to it by or on behalf of another party to this Agreement in connection with the transactions contemplated by this Agreement and each of the other Transaction Documents, including the terms and conditions of this Agreement, until the termination or expiration of the Confidentiality Agreement in accordance with its terms.

Section 4.7 Public Announcements. Unless otherwise required based on advice of counsel by Law or the rules of any stock exchange or quotation system on which a Person's stock is listed, prior to the Closing Date, no press release or other public announcement with respect to the Merger or other transactions contemplated by this Agreement or any of the other Transaction Documents will be made by or on behalf of any party hereto or its Affiliates without the prior approval of the other parties by email or otherwise (which approval shall not be unreasonably withheld, conditioned or delayed). If in the judgment of either party based on advice of counsel such a news release or public announcement is required by Law or the rules of any stock exchange or quotation system on which a Person's stock is listed, the party intending to make such release or announcement shall provide prior notice to the other parties of the contents of such release or announcement and shall consult with the other parties with respect thereto, to the extent practicable.

Section 4.8 Exclusivity.

(a) From and after the date hereof until the Closing or termination of this Agreement pursuant to Article 7 (*Termination*), the Company and its Subsidiaries shall not, and will cause their respective Representatives and Shareholders not to, directly or indirectly, (i) solicit, initiate, seek, entertain, knowingly encourage, facilitate, support or induce the making, submission or announcement of any inquiry, expression of interest, proposal or offer for, regarding or concerning any Alternative Transaction (an "Acquisition Proposal"), (ii) enter into, participate in, maintain or continue any discussions (except solely to provide written notice as to the existence of these provisions) or negotiations regarding, or deliver or make available to any Person any non-public information regarding the Company with respect to, or take any other action regarding any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal, (iii) otherwise cooperate with, facilitate or encourage any effort or attempt by any Person to effect any Alternative Transaction, (iv) enter into any letter of intent or any other Contract contemplating or otherwise relating to any Acquisition Proposal or (v) submit any Acquisition Proposal (other than the Merger to the extent contemplated by this Agreement) to the vote of any shareholder of the Company. The Company will immediately cease and cause to be terminated any and all existing activities, discussions or negotiations with any Persons conducted prior to or on the date hereof with respect to any Acquisition Proposal. If any Representative or Shareholder of the Company, whether in his or her capacity as such or in any other capacity, takes any action that the Company is obligated pursuant to this Section 4.8 to cause such Representative or Shareholder not to take, then the Company shall be deemed for all purposes of this Agreement to have breached this Section 4.8.

(b) The Company shall promptly (and in any event within 24 hours) notify Purchaser in writing after receipt by the Company (or, to the Knowledge of the Company by any of its Representatives or Shareholders) of (i) any Acquisition Proposal, (ii) any inquiry, expression of interest, proposal or offer that constitutes, or would reasonably be expected to lead to, an Acquisition Proposal or (iii) any request made in connection with an Acquisition Proposal for non-public information relating to the Company or for access to any of the properties, books or records of the Company by any Person other than Purchaser and its Representatives not in the ordinary course of business consistent with past practice. Such notice shall describe (A) the terms and conditions of such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request, and (B) the identity of the Person or Group making any such Acquisition Proposal, inquiry, expression of interest, proposal, offer, notice or request (an "Acquiror"), in each case subject to any confidentiality obligations of the Company under any non-disclosure agreement to which it is a party or bound as in effect as of the date of this Agreement. The Company shall keep Purchaser fully informed by email or otherwise of the status and details of, and any modification to, any such inquiry, expression of interest, proposal or offer and any correspondence or communications related thereto, or a reasonable written summary thereof, if it is not in writing. The Company shall provide Purchaser with forty-eight (48) hours' prior notice (or such lesser prior notice as is provided to the members of the Board) of any meeting of the Board at which the Board is reasonably expected to discuss any Acquisition Proposal.

Section 4.9 Employee Matters.

(a) From and after the Effective Time, Purchaser or the Surviving Company shall permit all employees of the Company and its Subsidiaries who remain employees of the Surviving Company (or its Subsidiaries) following the Effective Time (the "Continuing Employees") to participate in the benefit plans, programs and arrangements of Purchaser and the Surviving Company (other than equity compensation plans) (the "Purchaser Plans") to the same extent as similarly situated employees of Purchaser or its Subsidiaries. With respect to the Continuing Employees, Purchaser shall treat, and cause the applicable Purchaser Plans to treat, the service of the Continuing Employees with the Company and its Subsidiaries prior to the Effective Time as service rendered to Purchaser or any Affiliate of Purchaser for purposes of eligibility to participate and vesting, including applicability of minimum waiting periods

for participation, and solely for purpose of welfare plans such as vacation and severance, for benefit accrual. Purchaser shall use commercially reasonable efforts to provide that no such Continuing Employee, or any of his or her eligible dependents, who, at the Effective Time, are participating in the Company's group health plan shall be excluded from Purchaser's group health plan, or limited in coverage thereunder, by reason of any waiting period restriction or pre-existing condition limitation. Notwithstanding the foregoing, Purchaser shall not be required to provide any coverage, benefits or credit inconsistent with the terms of any Purchaser Plans.

(b) Nothing contained in this Section 4.9 shall require or imply that the employment of the employees of the Company or its Subsidiaries who are employed at the Effective Time will continue for any particular period of time following the Effective Time. This Section 4.9 is not intended, and shall not be deemed, to confer any rights or remedies upon any Person other than the parties to this Agreement and their respective successors and permitted assigns, to create any agreement of employment with any Person or to otherwise create any third-party beneficiary hereunder, or to be interpreted as an amendment to any plan of Purchaser or any Affiliate of Purchaser.

(c) Effective as of the day immediately preceding the Closing Date, the Company shall terminate each Employee Plan intended to qualify as a qualified cash or deferred arrangement under Section 401(k) of the Code (the "401(k) Plan(s)") pursuant to resolutions of the Board (unless Purchaser provides written notice to the Company no later than three (3) Business Days prior to the Effective Time that such 401(k) Plan(s) shall not be terminated). In connection with such termination, the Company shall make such amendments to the 401(k) Plan(s) as required by Applicable Law. The Company shall provide Purchaser with evidence that such 401(k) Plan(s) have been terminated (effective no later than the date stated above). The form and substance of such resolutions shall be subject to review and approval of Purchaser. If Purchaser shall require the Company to terminate its 401(k) Plan(s) before the Closing Date, Purchaser shall permit each Continuing Employee to make rollover contributions of "eligible rollover distributions" (within the meaning of Section 401(a)(31) of the Code) in cash in an amount equal to the eligible rollover distribution portion of the account balance distributed to such Continuing Employee from the Company's 401(k) Plan(s) to an "eligible retirement plan" (within the meaning of Section 401(a)(31) of the Code) of Purchaser or any of its Subsidiaries. For purpose of this Section 4.9(c), the term "eligible rollover distributions" shall include (i) the amount of any unpaid balance of any loan made to a Continuing Employee under the Company's 401(k) Plan(s) and (ii) the promissory note evidencing such loan.

(d) To the extent any employee notification or consultation requirements are imposed by Applicable Law with respect to any of the transactions contemplated herein, the Company will cooperate with Purchaser to ensure that such notification or consultation requirements are complied with prior to the Effective Time.

(e) The timing and content of any announcement or notification to the employees and independent contractors of the Company and its Subsidiaries with respect to the Merger or other transactions contemplated by this Agreement (which, for the avoidance of doubt, shall not include any press release or other public statement or any offer profiles or independent contractor agreements or related communications to individual employees of the Company and its Subsidiaries, or any notification otherwise required to be made under this Agreement) shall be subject to the approval, which shall not be unreasonably withheld, delayed or conditioned, of each of Purchaser and the Company.

Section 4.10 Tax Matters.

(a) Cooperation in Tax Matters. Each of Purchaser and the Equityholder Representative agrees to retain and furnish or cause to be furnished to one another, upon request, as

promptly as practicable, such information and assistance relating to the Company or its Subsidiaries as is reasonably necessary for the filing of all Tax Returns of or with respect to the Company or its Subsidiaries, the making of any election related to Taxes of or with respect to the Company or its Subsidiaries, the preparation for any audit by any Taxing Authority, and the prosecution or defense of any Action relating to any Tax Return of or with respect to the Company or its Subsidiaries. Purchaser and the Equityholder Representative shall reasonably cooperate with each other in the conduct of any audit or other proceeding related to Taxes of or with respect to the Company or its Subsidiaries and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 4.10. In the event any Taxing Authority informs the Equityholder Representative or any Shareholder, on the one hand, or Purchaser or the Company, on the other, of any notice of proposed audit, claim, assessment or other dispute concerning an amount of Taxes with respect to which the other party may incur Liability hereunder, the party so informed shall promptly notify the other party of such matter; *provided*, that failure to promptly notify shall not reduce the other party's indemnity obligation hereunder except to the extent such party's ability to defend against such matter is actually prejudiced thereby.

(b) Tax Contests.

(i) The Equityholder Representative shall control the defense of all Tax audits, proceedings assessments or claims ("Tax Matters") that, if determined adversely to the Company or its Subsidiaries, would be grounds for indemnification under Section 6.2 (Indemnification), including the settlement or compromise thereof, provided, however, that the Equityholder Representative shall keep the Purchaser reasonably informed of the progress of any such Tax Matter and shall not enter into any such settlement or compromise without obtaining Purchaser's prior written consent thereto, which shall not be unreasonably withheld, conditioned or delayed. In the event of any conflict between the provisions of this Section 4.10 and Section 6.5 (Third Party Actions), the provisions of this Section 4.10 shall control.

(ii) Neither Purchaser, the Company nor any of their respective Subsidiaries shall initiate any communications with the IRS or other relevant Tax Authority for the sole purpose of resolving any specific issues related to Taxes to the extent the resolution of such issues could reasonably be expected to give rise to an indemnification obligation under Section 6.2 (Indemnification) without the prior written approval of the Equityholder Representative, which approval shall not be unreasonably withheld or delayed.

(c) Transfer Taxes. Any Transfer Taxes shall be borne fifty percent (50%) by Purchaser, and the other fifty percent (50%) shall be treated as a Transaction Expense. Any Tax Returns that must be filed in connection with any Transfer Taxes shall be prepared and filed by the party that customarily has primary responsibility for filing such Tax Returns pursuant to the Applicable Laws and provide the other party with a complete and correct copy thereof. Purchaser and the Equityholder Representative shall cooperate with each other in the provision of any information or preparation of any documentation that may be necessary or useful for obtaining any available mitigation, reduction or exemption from any Transfer Taxes.

(d) Straddle Period. For purposes of determining the Taxes payable by the Indemnifying Holders under Section 4.10(e) (*Tax Matters; Filing Tax Returns*) and the Taxes for which the Indemnifying Holders are liable under Section 6.2(a)(vi) (*Indemnification*), Taxes for which the Company and its Subsidiaries are liable for any taxable period ending after and including the Closing Date (a "Straddle Period") shall be allocated to the portion of the period ending on the Closing Date as follows: (i) with respect to property Taxes, the amount allocable to the portion of the period ending on the Closing Date shall equal the amount of such property Taxes for such entire Straddle Period multiplied by a fraction, the numerator of which is the number of days during the Straddle Period that are in the portion

of such Straddle Period ending on the Closing Date and the denominator of which is the number of days in the Straddle Period; and (ii) with respect to all other Taxes, the amount allocable to the portion of the period ending on the Closing Date shall be determined based on an actual closing of the books used to calculate such Taxes as if such tax period ended as of the close of business on the Closing Date (and for such purpose, the tax period of any partnership or other pass-through entity in which the Company or any of its Subsidiaries holds a beneficial interest shall be deemed to terminate at such time). In the case of clause (ii), exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions computed as if the Closing Date was the last day of the Straddle Period) shall be allocated between the portion of the Straddle Period ending on the Closing Date and the portion of the Straddle Period thereafter in proportion to the number of days in each such portion.

(e) Filing Tax Returns. Purchaser shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for the Company and its Subsidiaries that are filed after the Effective Time; provided that (i) Purchaser shall provide drafts to the Equityholder Representative of any such Tax Returns that relate to taxable periods (or portions thereof) ending on or prior to the Closing Date at least thirty (30) days prior to the filing of any such Tax Returns if the Shareholders would be liable for the Taxes shown on such Tax Return under Section 6.2(a) (*Indemnification*), (ii) such Tax Returns shall be prepared in accordance with the past practices of the Company and its Subsidiaries, and (iii) no such Tax Return shall be filed without the prior written consent of the Equityholder Representative, which consent shall not be unreasonably withheld, conditioned or delayed. The Equityholder Representative shall instruct the Escrow Agent to pay to Purchaser, with funds from the Escrow Fund, the full amount of Taxes due with respect to such Tax Returns for which the Indemnifying Holders are liable under Section 6.2(a)(vi) (*Indemnification*). Purchaser shall not file any amended Tax Returns with respect to taxable periods (or portions thereof) ending on or prior to the Closing Date without the consent of the Equityholder Representative, which consent shall not be unreasonably withheld, conditioned, or delayed.

(f) Tax Refunds. Until the end of the Tax Survival Period, Purchaser shall pay or cause to be paid to the Indemnifying Holders (in a manner consistent with Section 1.13(i) (*Post-Closing Adjustment*)) any refunds or credits of Taxes of the Company or any of its Subsidiaries that are received after the Closing Date and that relate to any taxable period (or portion thereof) ending on or before the Closing Date, other than any refunds or credits that are attributable to any carryback of net operating losses, capital losses or other Tax attributes attributable to a tax period or portion thereof beginning after the Closing Date. Purchaser shall use commercially reasonable efforts to pursue any claims for refund of the Company or any of its Subsidiaries pending as of the Closing Date. Purchaser shall make payment of any such refund described in this Section 4.10(f) to the Indemnifying Holders within thirty (30) days of receipt of the refund.

(g) Tax Benefit. Within thirty (30) days after filing an income Tax Return or amended income Tax Return that claims a reduction in Tax or utilizes a net operating loss attributable to deductions of the Company or its Subsidiaries attributable to payments to the Indemnifying Holders under Section 1.9 or Transaction Expenses ("Tax Items"), Purchaser shall deliver, or cause to be delivered, to the Equityholder Representative information detailing the calculation of the Tax Benefit (if any) with respect to such Tax Return. If the Company or its Subsidiaries claims on an income Tax Return a reduction in income Taxes that otherwise would have been due and payable attributable to the Tax Items or to a net operating loss attributable to the Tax Items (such a reduction, a "Tax Benefit"), such reduction shall be for the benefit of the Indemnifying Holders and Company or Purchaser shall pay to the Indemnifying Holders (in a manner consistent with Section 1.13(i)) the amount of any such reduction within thirty (30) days after the filing of the income Tax Return or amended income Tax Return claiming such Tax Benefit. For purposes of this Section 4.10(g), Tax Benefits shall be calculated by comparing (A) the liability of the Company and its Subsidiaries for such income Taxes for the relevant taxable period as determined without taking into account the Tax Items (or any net operating loss attributable to

the Tax Items) but taking into account all other Tax deductions, net operating losses, credits or other items of the Company and its Subsidiaries and (B) the actual liability of the Company and the Company Subsidiaries for such income Taxes for the relevant taxable period as determined taking into account the Tax Items (or any net operating loss attributable to the Tax Items) and all other Tax deductions, net operating losses, credits or other items of the Company and its Subsidiaries. Notwithstanding anything herein to the contrary, this Section 4.10(g) shall survive until the end of the Tax Survival Period.

(h) Pre-Closing Actions. Prior to the Closing Date, the Company shall use commercially reasonable efforts to cooperate with Purchaser in (i) obtaining from the Inland Revenue Authority of Singapore a waiver of the "shareholders continuity test" as applied to Aptina Pte. Ltd. with respect to the carryforward of the Singapore Losses to tax periods or portions thereof beginning after the Closing Date and (ii) requesting an interpretation from Statistics Korea with respect to the classification, for VAT purposes, of the services provided by Aptina Korea Co., Ltd. to Aptina Pte. Ltd.

(i) Section 338(g) Election. Notwithstanding anything herein to the contrary, the parties agree that Purchaser shall have the unilateral right to make an election under Section 338(g) of the Code with respect to the transactions contemplated hereby and in accordance with Applicable Law, including Section 1060 of the Code. Notwithstanding anything herein to the contrary, the parties agree the Company may cause Aptina Holdings (Cayman), Inc. to make an election with an effective date prior to the Closing Date to be classified as a disregarded entity for U.S. federal income tax purposes.

(j) Effect on Indemnity Rights of Purchaser. Nothing in this Section 4.10 shall be deemed to limit or otherwise affect the rights of Purchaser under Article 6 (Survival of Representations, Warranties, Covenants and Agreements; Indemnification) hereof.

(k) Purchaser's Use. With the exception of Section 4.10(f) and Section 4.10(g), nothing in this Agreement shall be construed to require Purchaser or its Affiliates to make any payment to the Indemnifying Holders or any other party for the use of any Tax deduction, net operating loss, credit, refund, or other Tax attribute of the Company or its Subsidiaries.

Section 4.11 Access to Information.

(a) During the period commencing on the date hereof and continuing until the earlier of the termination of this Agreement and the Closing, the Company shall afford Purchaser and its Representatives such access during business hours to the Company's properties, books, Contracts, records (including, without limitation, financial statements and any documents or materials related to Taxes), business, properties and personnel as Purchaser may reasonably request upon reasonable advance written notice in connection with Purchaser's efforts to consummate the Transactions; *provided*, *however*, that the foregoing shall not require the Company to provide any such access or disclose any information to the extent the provision of such access or such disclosure would contravene Applicable Law. Purchaser and its Representatives shall cooperate with the Company and its Representatives and shall use their commercially reasonable efforts to minimize any disruption to the businesses of the Company and its Subsidiaries. Notwithstanding anything herein to the contrary, no such access or examination shall be permitted to the extent that it would require the Company or any of its Subsidiaries to disclose information subject to attorney-client privilege or conflict with any confidentiality obligations to which the Company or any of its Subsidiaries are bound. In addition, prior to the Closing, without the prior written consent of the Company (which shall not be unreasonably withheld, conditioned or delayed), Purchaser and its Representatives shall not contact any suppliers to, or customers or other business partners of, the Company or any of its Subsidiaries, *provided* that the Company shall have the right to have a representative present during any such contact in the event that it consents to such contact.

(b) No information or knowledge obtained in any investigation pursuant to this Section 4.11 shall affect or be deemed to modify any representation or warranty contained herein or the conditions to the obligations of the parties hereto to consummate the Merger.

Section 4.12 Notification. No later than three (3) Business Days prior to the Closing, the Company shall notify Purchaser in writing to the extent the Company has Knowledge of: (a) any event, condition, fact or circumstance that occurs, arises or exists on or after the date of this Agreement and that would cause or constitute a breach of any representation or warranty made by the Company in this Agreement if such representation or warranty had been made as of the time of the occurrence, existence or discovery of such event, condition, fact or circumstance such that the condition set forth in Section 5.1(a) would not be satisfied as of such date; (b) any breach of any covenant or obligation of the Company such that the condition set forth in Section 5.1(a) would not be satisfied as of such date; or (c) any event, condition, fact or circumstance that would make the timely satisfaction of any of the other conditions set forth in Section 5.1 (*Conditions to the Obligations of Purchaser and Merger Sub*) impossible or unlikely. No notification under this Section 4.12 shall (i) be deemed to update the Company Disclosure Schedule for any purpose herein, (ii) cure any breach of any representation or warranty made by the Company herein, or (iii) limit or affect Purchaser's right to indemnification hereunder in any manner.

Section 4.13 Monthly Financial Statements. The Company will deliver to Purchaser as promptly as practicable (and in any event within ten (10) Business Days) after the end of each calendar month copies of the unaudited monthly financial statements delivered by the Company to the Sponsor Holders for such calendar month.

Section 4.14 Termination of Shareholder Agreements. The Company shall, and shall cause the Shareholders to, cause the termination, effective immediately prior to the Closing Date, of all shareholder agreements to which the Company is party, in each case, without any Liability to the Company.

Section 4.15 Books and Records. At the Closing, the Company shall deliver to Purchaser the minute books containing the records of all proceedings, consents, actions and meetings of the Board and any Subsidiary of the Company that has a board of directors, committees of such boards and equityholders of the Company and its Subsidiaries and the registers of members reflecting all issuances and transfers of shares in the capital of the Company and its Subsidiaries.

Section 4.16 Stock Plans and Agreements. Prior to the Effective Time, the Company shall take all actions necessary to ensure that (a) subject to Section 1.9 (*Options and Restricted Stock Units*), all of the Company's option or other equity-based plans and agreements shall terminate as of the Effective Time and (b) after the Effective Time, neither the Surviving Company nor any of its Subsidiaries is bound by any Option, RSU or other equity-based right that would entitle any Person, other than Purchaser or its Affiliates, to beneficially own, or receive any payments of, or in respect of, any share capital of the Company, the Surviving Company or any of their Subsidiaries, except as expressly set forth in Article 1 (*The Merger*). In addition, prior to the Closing, the Company shall take the actions set forth on Schedule 4.16.

Section 4.17 Further Actions. If, at any time after the Closing Date, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest Purchaser with control over, with full right and title to and possession of the Company, each party hereto shall execute such documentation and take such other lawful and necessary action to carry out such purposes and so vest Purchaser consistent with the terms of this Agreement.

Section 4.18 Indemnification; Directors' and Officers' Insurance. From and after the Closing Date, Purchaser shall cause the Surviving Company to indemnify, defend and hold harmless, to the fullest extent permitted under Applicable Law, the individuals who on or prior to the Closing Date were directors or officers of the Company (collectively, the "D&O Indemnitees") with respect to all acts or omissions by them in their capacities as such or taken at the request of the Company at any time on or prior to the Closing Date. Purchaser agrees that all rights of the D&O Indemnitees to advancement of expenses, indemnification and exculpation from liabilities for acts or omissions occurring on or prior to the Closing Date as provided in the memorandum and articles of association of the Company as now in effect, and any indemnification agreements of the Company shall survive the Closing Date and shall continue in full force and effect in accordance with their terms. Such rights shall not be amended or otherwise modified in any manner that would adversely affect the rights of the D&O Indemnitees, unless such modification is required by Applicable Law or approved by each such D&O Indemnitee. The Company shall purchase prior to the Closing, and Purchaser shall, and shall cause the Surviving Company to maintain in effect for six (6) years from and after the Effective Time, the "run-off" coverage or directors' and officers' and corporate liability insurance covering those individuals who are covered by the directors' and officers' and corporate liability insurance policy or policies provided for directors and officers of the Company as of the date hereof (the "D&O Tail Policy"). In the event that the Surviving Company or its respective successors or assigns (i) consolidates or merges with or into any other Person and is not the continuing or surviving entity of such consolidation or merger; or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made by Purchaser so that the successors and assigns of the Surviving Company shall assume all of the obligations thereof set forth in this Section 4.18. The provisions of this Section 4.18 shall survive the consummation of the Merger, are intended to be for the benefit of, and shall be enforceable by, each D&O Indemnitee, his or her heirs and his or her representatives and are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by Applicable Law, Contract or otherwise.

Section 4.19 Cash Adjustment. Unless otherwise agreed by the parties, the Company's Subsidiaries will have no Cash as of immediately prior to the Closing (other than the Company's Subsidiaries domiciled in the United States, at the Company's discretion) and the amount of Cash held by the Company immediately prior to the Effective Time shall be distributed to the Shareholders, Optionholders and the RSU holder in accordance with the allocations set forth in Section 1.13(i). It is the expectation of the Parties that the Company and the Company Subsidiaries will implement one or more Cash Adjustments on or prior to the Closing Date in order to achieve that result.

Section 4.20 Patents. The Company shall, as of or prior to Closing, provide to Purchaser a complete and accurate list of all actions required to the Knowledge of the Company to be taken within ninety (90) Business Days of the Closing Date for each Patent of the Company and its Subsidiaries as of the Closing Date to be in compliance with all procedural requirements of Applicable Law.

ARTICLE 5
CONDITIONS TO CLOSING

Section 5.1 Conditions to Obligations of Purchaser and Merger Sub. The obligations of Purchaser and Merger Sub to consummate the Closing are subject to the satisfaction or waiver of each of the following conditions:

(a) Representations, Warranties and Covenants of the Company. (i) The Company shall have complied in all material respects with all of its covenants and agreements contained in this Agreement required to be performed by it on or prior to the Closing Date, (ii) each of the representations and warranties of the Company set forth in Section 2.1(a) (*Organization and Qualification*), Section

2.3(a) (*Capitalization*), Section 2.4 (*Authority*), and Section 2.5 (*No Conflict; Required Consents and Approvals*) shall have been true and correct in all respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), (iii) each of the representations and warranties of the Company contained herein shall have been true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), in each case, without regard to any qualification as to materiality included therein (except that for such representations and warranties that contain a Company Material Adverse Effect qualifier, such qualifier shall not be disregarded and such representations and warranties shall be true and correct in all respects), *provided* that (A) with respect to Section 2.9 (*No Undisclosed Liabilities*), at and as of the Closing such representation and warranty need only be true and correct in all material respects with breaches that do not exceed $500,000 individually or $2,5000,000 in the aggregate (other than breaches of Section 2.9(i) – (iv) (inclusive)) and (B) with respect to Section 2.10 (*Litigation*), at and as of the Closing such representation and warranty need only be true and correct as would not reasonably be expected to have a material adverse effect on the Company and its Subsidiaries, and (iv) Purchaser shall have received a certificate signed by a duly authorized executive officer of the Company to the foregoing effect and to the effect that the conditions specified within this Section 5.1(a) and Section 5.1(e) have been satisfied.

(b) HSR Act. Any waiting period (and any extension thereof) under the HSR Act or any other Antitrust Laws listed on Schedule 5.1(b) applicable to the transactions contemplated by this Agreement and the Transaction Documents shall have expired or shall have been terminated.

(c) Approval of Shareholders. The Requisite Shareholder Approval shall have been validly obtained under the CICL and the Company's memorandum and articles of association.

(d) No Violation. No Law shall have been enacted or exist that is in effect on the Closing Date that would prohibit the transactions contemplated by this Agreement and the other Transaction Documents or the consummation of the Closing. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other restraint or prohibition of any Governmental Entity preventing the consummation of the Merger or other transactions contemplated by this Agreement or the other Transaction Documents shall be in effect, nor shall any Action have been taken or threatened by any Governmental Entity seeking any of the foregoing.

(e) No Company Material Adverse Effect. Since the date hereof, no Company Material Adverse Effect shall have occurred and be continuing as of the Effective Time.

(f) Termination of Indebtedness. The Company shall have delivered to Purchaser evidence of (i) the cancellation of and release from all Indebtedness of the Company and its Subsidiaries, in a form satisfactory to Purchaser, and (ii) the termination of all Encumbrances with respect to such Indebtedness on any assets of the Company or any of its Subsidiaries in a form satisfactory to Purchaser.

(g) Other Actions. Prior to the Closing, the Company shall have taken the actions set forth on Schedule 5.1(g).

(h) Resignations. Each member of the board of directors (or equivalent governing body) and officer of each of the Company and its Subsidiaries, as applicable, in office immediately prior to the Effective Time, shall have delivered a letter of resignation in a form reasonably satisfactory to Purchaser resigning from his or her position as officer or director (but not as employee unless otherwise required pursuant to the terms of this Agreement).

(i) Maximum Dissenting Shares. The number of Shares that are Dissenting Shares shall not constitute more than five percent (5%) of the number of Shares outstanding immediately prior to the Effective Time.

(j) Transaction Documents. The Company shall have executed and delivered to Purchaser this Agreement and all other Transaction Documents to which it is a party.

(k) Certified Closing Report. Purchaser shall have received the Certified Closing Report.

Section 5.2 Conditions to Obligations of the Company. The obligations of the Company to consummate the Closing are subject to the satisfaction or waiver of each of the following conditions:

(a) Representations, Warranties and Covenants of Purchaser and Merger Sub. Except as would not be reasonably be expected to prevent consummation of the Merger by Purchaser and Merger Sub and the other transactions contemplated hereby, (i) each of Purchaser and Merger Sub shall have complied in all material respects with all of its covenants and agreements contained in this Agreement required to be performed and satisfied by it on or prior to the Closing Date, (ii) each of the representations and warranties of Purchaser and Merger Sub set forth in Section 3.1 (*Organization and Qualification*), Section 3.2 (*Authority*) and Section 3.3 (*No Conflict; Required Consents and Approvals*) shall have been true and correct in all respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that for such representations and warranties that contain a Company Material Adverse Effect qualifier, such representations and warranties shall be true and correct in all respects) and (iii) each of the representations and warranties of Purchaser and Merger Sub contained herein shall have been true and correct in all material respects as of the date of this Agreement and at and as of the Closing with the same force and effect as if made as of the Closing (except that representations and warranties that are made as of a specified date shall be true and correct as of such specified date), in each case, without regard to any qualification as to materiality included therein (except for such representations and warranties that contain a Purchaser Material Adverse Effect qualifier such qualifier shall not be disregarded and such representations and warranties shall be true and correct in all respects).

(b) HSR Act. Any waiting period (and any extension thereof) under the HSR Act or any other Antitrust Laws listed on Schedule 5.1(b) applicable to the transactions contemplated by this Agreement and the Transaction Documents shall have expired or shall have been terminated.

(c) Approval of Shareholders. The Requisite Shareholder Approval shall have been validly obtained under the CICL and the Company's memorandum and articles of association.

(d) 280G Shareholder Approval. The shareholder vote described in Section 4.4(c) (*Shareholder Approval*) shall have occurred and any 280G Shareholder Approval, if obtained, shall be in full force and effect.

(e) No Violation. No Law shall have been enacted or exist that is in effect on the Closing Date that would prohibit the transactions contemplated by this Agreement and the other Transaction Documents or the consummation of the Closing. No temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or other restraint or prohibition of any Governmental Entity preventing the consummation of the Merger or other transactions contemplated by this Agreement or the other Transaction Documents shall be in effect, nor shall any Action have been taken by any Governmental Entity seeking any of the foregoing.

(f) Transaction Documents. Each of Purchaser and Merger Sub shall have executed and delivered to the Company this Agreement and all other Transaction Documents to which it is a party.

Section 5.3 Frustration of Closing Conditions. No party hereto may rely on the failure of any condition set forth in Section 5.1 (*Conditions to Obligations of Purchaser and Merger Sub*) or Section 5.2 (*Conditions to Obligations of the Company*), if such failure was caused by such party's failure to comply with any provision of this Agreement.

ARTICLE 6
SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENT; INDEMNIFICATION

Section 6.1 General Survival.

(a) Notwithstanding any investigation by, or knowledge of, Purchaser or Merger Sub of the affairs of the Company, each party shall have the right to rely fully upon the representations, warranties, covenants and agreements of the other parties contained in this Agreement or in any other Transaction Document.

(b) The covenants and agreements of the Company, Purchaser, and Merger Sub contained in this Agreement or in any other Transaction Document that by their terms apply or are to be performed in whole or in part after the Closing Date ("Post-Closing Covenants") shall survive the Closing Date.

(c) The representations and warranties of the Company contained in this Agreement or in any other Transaction Document shall survive and continue until the date that is fifteen (15) months from the Closing Date (the "Expiration Date"); *provided*, *however*, that:

(i) the representations and warranties set forth in Section 2.1(a) (*Organization and Qualification*), Section 2.3(a) (*Capitalization*), Section 2.4 (*Authority*) and Section 2.23 (*Brokers*) (the "Fundamental Representations") shall survive indefinitely;

(ii) the representations and warranties contained in Section 2.15 (*Intellectual Property*) (the "IP Rep") shall survive the Closing and continue in full force and effect until the date that is thirty-six (36) months from the Closing Date (the "IP Survival Period"), and the representations and warranties contained in Section 2.16 (*Taxes*) (the "Tax Rep"), shall survive the Closing and continue in full force and effect until the date that is forty-eight (48) months from the Closing Date (the "Tax Survival Period"); and

(iii) any claim for fraud hereunder shall survive the Closing until the expiration of the statute of limitations.

(d) Each of the covenants, representations and warranties set forth in this Agreement shall expire at the end of the relevant survival period set forth in Section 6.1(b) and Section 6.1(c) and the obligation to indemnify an Indemnitee pursuant to Section 6.2(a)(i) and Section 6.2(a)(ii) (*Indemnification*) shall terminate when the applicable representation, warranty or covenant terminates pursuant to this Section 6.1 and the obligation to indemnify an Indemnitee pursuant to Section 6.2(a)(vi) (*Indemnification*) shall terminate at the end of the Tax Survival Period; *provided*, *however*, if an Indemnification Claim is delivered pursuant to this Article 6 on or prior to the expiration of the relevant survival period set forth in Section 6.1(b) and Section 6.1(c), then, notwithstanding anything to the contrary contained in this Article 6, the obligation to indemnify and hold harmless with respect to the

claim presented in such Indemnification Claim shall remain in full force and effect until such time as the final amount of recoverable Losses with respect to such claim are determined by final agreement, settlement, judgment or award binding on the Indemnifying Holders and Purchaser in accordance with this Article (the final amount of recoverable Losses so determined, the "Loss Amounts").

Section 6.2 Indemnification.

(a) Indemnification by Equityholders. Subject to Section 6.1 (*General Survival*) and the other provisions of this Article, from and after the Closing Date, the holders of Shares, Options and RSUs immediately prior to the Closing (collectively, the "Indemnifying Holders") shall severally (based on each such Indemnifying Holder's Proportionate Share) and not jointly indemnify and hold harmless Purchaser, Merger Sub, the Surviving Company and their Affiliates and Representatives (collectively, the "Indemnitees"), from and against and in respect of any and all Losses resulting from, arising out of, relating or attributable to, or imposed upon or incurred by any Indemnitee by reason of:

(i) the failure of any representation or warranty of the Company contained in Article 2 to be true and correct as of the date hereof and as of the Closing Date as if made on the Closing Date;

(ii) any breach by the Company of any of its covenants or agreements contained in this Agreement to be performed prior to the Effective Time, except for any breach of Section 4.12(a) (*Notification*);

(iii) (A) any amount in excess of the Closing Date Per Share Merger Consideration required to be paid to holders of Dissenting Shares, including any interest required to be paid thereon, or (B) any Action commenced by a Shareholder relating to this Agreement and the transactions contemplated hereby;

(iv) any Indebtedness of the Company, solely to the extent not paid as of immediately prior to the Effective Time (and without duplication to any amounts included within the calculation of Net Cash, Merger Consideration or Adjusted Merger Consideration)

(v) any Transaction Expenses, solely to the extent not paid as of immediately prior to the Effective Time (and without duplication to amounts included within the calculation of Merger Consideration and Adjusted Merger Consideration); and

(vi) Taxes for which the Company and its Subsidiaries are liable for any taxable period ending on or before the Closing Date and with respect to any Straddle Period (determined consistently with Section 4.10(d)(*Tax Matters; Straddle Period*), for the portion thereof ending on the Closing Date; *provided* that the indemnification obligation pursuant to this Section 6.2(a)(vi) shall terminate at the end of the Tax Survival Period as provided in Section 6.1(d).

(b) Limitations.

(i) Notwithstanding anything to the contrary in this Agreement:

(A) no Indemnitee shall be entitled to a claim for indemnification pursuant to Section 6.2(a)(i) with respect to the matter set forth on Schedule 6.2(b)(i)(A) (the "Specified Matter") unless and until the aggregate amount of all Losses under all claims of all Indemnitees with respect to the Specified Matter ("Specified Losses") shall exceed $3,000,000 (the "Specified Basket"), at which time all Specified Losses incurred shall be subject to indemnification hereunder including the amount of the Specified Basket;

(B) other than as provided in Section 6.2(b)(i)(A), no Indemnitee shall be entitled to a claim for indemnification pursuant to Section 6.2(a)(i) (other than with respect to any Fundamental Representations or the Tax Rep) unless and until the aggregate amount of all Losses under all claims of all Indemnitees for all such breaches pursuant to Section 6.2(a)(i) (other than with respect to any Fundamental Representations or the Tax Rep) shall exceed $3,000,000 (the "Primary Basket"), at which time all Losses incurred shall be subject to indemnification hereunder including the amount of the Primary Basket, provided that only fifty percent (50%) of any Specified Losses, up to a maximum of $1,500,000, shall be included for purposes of calculating whether Losses exceed the Primary Basket;

(C) the Indemnifying Parties shall not be obligated to indemnify Indemnitees for any individual Loss or series of related losses which equal an amount of less than $50,000 (the "Mini-Basket");

(D) (x) the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(i) (other than with respect to any Fundamental Representations and with respect to the IP Rep and Tax Rep as provided in Section 6.2(b)(i)(E) and Section 6.2(b)(i)(F) below) shall not exceed the Escrow Amount (the "General Cap"), and any Loss Amounts that any Indemnitee is entitled to recover pursuant to Section 6.2(a)(i) above shall be payable solely from the Escrow Fund in accordance with Section 6.3 (*Manner of Indemnification; Escrow*) and the Escrow Agreement, and (y) after the expiration of the Escrow Period, the Indemnifying Holders shall have no further Liability for indemnification pursuant to Section 6.2(a)(i) (other than with respect to any Fundamental Representations, with respect to the IP Rep and Tax Rep as provided in Section 6.2(b)(i)(E) and Section 6.2(b)(i)(F) below, or with respect to Indemnification Claims already made as provided in Section 6.1(d));

(E) (x) the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(i) solely with respect to the IP Rep shall equal $20,000,000 (the "IP Supplemental Cap") supplementary to and in excess of the General Cap during the Escrow Period (with such indemnity claims being required to be first submitted against the General Cap until exhausted), and (y) after the expiration of the Escrow Period, the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(i) with respect to the IP Rep shall continue for the IP Survival Period in an amount not exceeding the IP Supplemental Cap (as reduced by any Loss Amounts already claimed against such IP Supplemental Cap during the Escrow Period);

(F) (x) the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(i) solely with respect to the Tax Rep shall equal $20,000,000 (the "Tax Supplemental Cap") supplementary to and in excess of the General Cap during the Escrow Period (with such indemnity claims not being required to be first submitted against the General Cap), (y) after the expiration of the Escrow Period, the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(i) with respect to the Tax Rep shall continue for the Tax Survival Period in an amount not exceeding the Tax Supplemental Cap (as reduced by any Loss Amounts already claimed against such Tax Supplemental Cap during the Tax Survival Period), and (z) the Indemnifying Holders' aggregate Liability for indemnification pursuant to Section 6.2(a)(vi) shall not exceed the Tax Supplemental Cap (as reduced by any Loss Amounts already claimed against such Tax Supplemental Cap during the Escrow Period);

(G) (x) each Indemnifying Holder's Liability for indemnification under this Article 6 shall not exceed such Indemnifying Holder's Proportionate Share of the Adjusted Merger Consideration unless the claim is of fraud, in which case it is not limited, and (y) other than claims made with respect to the Tax Supplemental Cap, the Indemnitees shall be required first to exhaust the Escrow Fund prior to seeking further indemnification recourse directly against the Indemnifying Holders;

(H) in no event shall any Loss be recoverable under the terms of this Agreement to the extent it consists of or is based upon, punitive, special or exemplary damages in each case that are intended to punish or set an example to other wrongdoers unless such Loss is required to be paid by Indemnitee to a third party;

(I) the Indemnitees shall not be entitled to recover more than once for the same Loss, including to the extent that such Loss is taken into account in calculating the Merger Consideration, the Adjusted Merger Consideration, Net Working Capital or Net Cash;

(J) the Indemnifying Holders shall have no obligation to indemnify any Indemnitee for any Losses related to or arising from (1) any reduction or limitation on use, after the Closing Date, with respect to a net operating loss carry-forward or tax credit carry-forward or any other Tax attribute of the Company or any of its Subsidiaries attributable to any taxable period (or portion thereof) ending on or before the Closing Date or (2) any Taxes with respect to a taxable period (or portion thereof) beginning after the Closing Date, except to the extent of any Losses related to or arising from a breach of Section 2.16(d)(i) or Section 2.16(l); and

(K) For purposes of determining whether there has been a breach and the amount of any Losses that are the subject matter of an Indemnification Claim hereunder, the Primary Basket shall be the materiality standard for all purposes hereunder, and, therefore, each representation and warranty and other provision contained in this Agreement and each certificate delivered pursuant hereto shall be read without regard and without giving effect to any materiality, Company Material Adverse Effect standard or qualification contained in such representation or warranty (as if such standard or qualification was deleted from such representation and warranty).

(ii) An Indemnitee's right to indemnification under this Article based on any inaccuracy in or breach of any representation or warranty shall not be diminished or otherwise affected in any way as a result of such Indemnitee's knowledge of such inaccuracy, breach or untruth as of the date hereof, regardless of whether such knowledge exists as a result of the Indemnitee's investigation or as a result of disclosure by the Company or any of its Affiliates, unless such disclosures were set forth in this Agreement or in the Company Disclosure Schedule.

(iii) The waiver of any condition to Closing based upon the accuracy of any representation or warranty, or on the performance of or compliance with any covenant or agreement, shall not affect the right to indemnification or other remedy based on such representations, warranties, covenants and agreements.

(iv) The amount of any Losses that are subject to indemnification under this Article 6 shall be calculated net of (A) any amounts actually recovered by an Indemnitee or any of its Affiliates under insurance policies in connection with such Losses or any of the events or circumstances giving rise or otherwise related to such Losses, in each case, net of any insurance deductibles, costs of collection or premium increases resulting from making any claim thereunder, (B) any Tax benefits

actually received by the applicable Indemnitee as a result of the incurrence of such Losses, and (C) any indemnification paid by any third party. In the event that a recovery is made by an Indemnitee or any Affiliate of an Indemnitee with respect to any Losses for which such Indemnitee has already been indemnified hereunder, then a refund equal to the aggregate amount of the recovery shall be made promptly to the Indemnifying Holders.

(v) Promptly after an Indemnitee becomes aware of any event or circumstance that could reasonably be expected to constitute or give rise to any breach of any representation, warranty or covenant of the Indemnifying Holders contained in this Agreement or any other claim for indemnification pursuant to this Article 6, the Indemnitee shall take all commercially reasonable steps to mitigate and minimize all Losses that could result from or relate to such breach or claim.

Section 6.3 Manner of Indemnification; Escrow.

(a) To provide funds against which an Indemnitee may assert claims of indemnification under this Article (an "Indemnification Claim"), at the Closing, pursuant to Section 1.12 (*Escrow*), Purchaser shall withhold $40,000,000 (the "Escrow Amount") from the Merger Consideration payable pursuant to Section 1.9 (*Options and Restricted Stock Units*) and Section 1.11 (*Merger Consideration; Certified Closing Report*) and shall deposit such Escrow Amount prior to the Closing into the Escrow Fund with Union Bank, N.A., a national banking association, as escrow agent (the "Escrow Agent"), pursuant to the Escrow Agreement. The Escrow Amount shall secure any Loss Amounts that are indemnifiable pursuant to Section 6.2 (*Indemnification*). The Escrow Amount and interest and other earnings payable thereon shall be held and distributed in accordance with this Section 6.3 and the Escrow Agreement. The Escrow Amount (and all interest and other earnings payable thereon) shall be released pursuant to the terms of this Agreement and the Escrow Agreement. If Purchaser or any Indemnitee is entitled to any Loss Amounts as provided in this Agreement, such Loss Amounts shall be paid to Purchaser in cash from the Escrow Amount until the Escrow Amount is wholly exhausted. Thereafter, subject to Section 6.2 (*Indemnification*), each Indemnifying Holder shall be severally but not jointly based on its Proportionate Share) liable for Loss Amounts in excess of the Escrow Amount to the extent (if at all) such Loss Amounts are indemnifiable pursuant to the terms of this Article 6 (including the limitations on liability set forth in Section 6.2 (*Indemnification*)).

(b) As soon as possible after the Expiration Date, and in any event within three (3) Business Days, the Escrow Agent shall pay such portion of the Escrow Amount as is remaining in the Escrow Fund (together with interest accrued thereon (if any)) to the Paying Agent for payment of such amounts by the Paying Agent to each Indemnifying Holder based on its Proportionate Share, except for amounts withheld for pending Indemnification Claims as provided in the Escrow Agreement and which withheld amounts shall be subject to release as Loss Amounts or to the Indemnifying Holders, as applicable, as provided in the Escrow Agreement.

Section 6.4 Equityholder Representative.

(a) By voting or executing a written consent in favor of the adoption of this Agreement and the consummation of the Merger or participating in the Merger and receiving the benefits thereof, each Indemnifying Holder shall be deemed to have consented to the appointment of Fortis Advisors LLC as the Equityholder Representative, as the attorney-in-fact and exclusive agent for and on behalf of each such Indemnifying Holder with respect to the matters set forth in this Agreement, the Escrow Agreement and any related Equityholder Representative letter agreement, and the taking by the Equityholder Representative of any and all actions and the making of any decisions required or permitted to be taken by the Equityholder Representative under this Agreement and the Escrow Agreement,

including the exercise of the power to (i) authorize delivery to Purchaser of the Escrow Amount, or any portion thereof, in satisfaction of Indemnification Claims, (ii) agree to, negotiate, enter into settlements and compromises of and comply with orders of courts and awards of arbitrators with respect to Indemnification Claims, (iii) resolve any Indemnification Claims and (iv) take all actions necessary in the judgment of the Equityholder Representative for the accomplishment of the foregoing and all of the other terms, conditions and limitations of this Agreement and the Escrow Agreement, and each Indemnifying Holder waives any and all defenses that may be available to contest, negate or disaffirm any action of the Equityholder Representative taken in good faith under this Agreement or the Escrow Agreement. Accordingly, the Equityholder Representative has authority and power to act on behalf of each Indemnifying Holder with respect to the disposition, settlement or other handling of all Indemnification Claims and all rights or obligations arising under this Agreement or the Escrow Agreement. Notwithstanding the foregoing, the Equityholder Representative shall have no obligation to act on behalf of the Indemnifying Holders, except as expressly provided in this Agreement, the Escrow Agreement and any related Equityholder Representative letter agreement. The Indemnifying Holders will be bound by all actions taken by the Equityholder Representative in connection with this Agreement or the Escrow Agreement, and Purchaser shall be entitled to rely on any action or decision of the Equityholder Representative. The powers, immunities and rights to indemnification granted hereunder to the members of the Representative Group (as defined below) are coupled with an interest and shall be irrevocable and survive the death, incompetence, bankruptcy or liquidation of the applicable Indemnifying Holder and shall be binding on any successor thereto as if expressly confirmed and ratified in writing by such Indemnifying Holder and shall survive the delivery of an assignment by any Indemnifying Holder of the whole or any fraction of his, her or its interest in the Escrow Fund. The Equityholder Representative will incur no Liability with respect to any action taken or suffered by the Equityholder Representative in good faith reliance upon any notice, direction, instruction, consent, statement or other document believed by the Equityholder Representative to be genuine and to have been signed by the proper Person (and shall have no responsibility to determine the authenticity thereof), nor for any other action or inaction, except the Equityholder Representative's own willful misconduct, bad faith or gross negligence. In all questions arising under this Agreement or the Escrow Agreement, the Equityholder Representative may rely on the advice of counsel, and the Equityholder Representative will not be liable to the Indemnifying Holders for anything done, omitted or suffered in good faith by the Equityholder Representative based on such advice. The Person serving as the Equityholder Representative may be replaced from time to time by the holders of a majority in interest of the Escrow Amount then on deposit with the Escrow Agent upon not less than ten (10) Business Days' prior written notice to Purchaser and the Escrow Agent. The immunities and rights to indemnification shall survive the resignation or removal of Equityholder Representative or any member of the Advisory Group (as defined below) and the Closing and/or any termination of this Agreement and the Escrow Agreement. No bond shall be required of the Equityholder Representative. Notices or communications to or from the Equityholder Representative shall constitute notice to or from each of the Indemnifying Holders.

(b) Certain Indemnifying Holders have entered into a letter agreement with the Equityholder Representative to provide direction to the Equityholder Representative in connection with the performance of its services under this Agreement and the Escrow Agreement (the "Advisory Group"). In performing the functions specified in such Equityholder Representative letter agreement, this Agreement and the Escrow Agreement, none of the Equityholder Representative, any member of the Advisory Group or their respective members, partners, managers, directors, officers, contractors, agents or employees (collectively, the "Representative Group") shall be liable to any Indemnifying Holder in the absence of bad faith, gross negligence or willful misconduct on the part of such Person. Each Indemnifying Holder shall severally (based on such Indemnifying Holder's Proportionate Share), and not jointly, indemnify and hold harmless each member of the Representative Group from and against any loss, Liability or expense incurred without bad faith, gross negligence or willful misconduct on the part of such Person and arising out of or in connection with the acceptance or administration of such Person's

duties under this Agreement, the Escrow Agreement or any Equityholder Representative letter agreement, including any out-of-pocket costs and expenses and legal fees and other legal costs reasonably incurred by the Equityholder Representative if not paid directly to the Equityholder Representative by the Indemnifying Holders or from the Expense Fund (the "Representative Expenses"). Such Representative Expenses may be recovered by the Equityholder Representative from the Escrow Amount otherwise distributable to the Indemnifying Holders following the Expiration Date, at the time of distribution, so long as the Equityholder Representative has delivered to the Escrow Agent prior to such time a certificate setting forth such Representative Expenses actually incurred, and such recovery will be made from the Indemnifying Holders according to their respective Proportionate Shares or, at the Equityholder Representative's election, such expenses may be recovered from any Escrow Amounts otherwise distributable to the Indemnifying Holders. In the event there are unreimbursed Representative Expenses, such expenses may be recovered directly from the Indemnifying Holders based on their respective Proportionate Shares. The Indemnifying Holders acknowledge that the Equityholder Representative shall not be required to expend or risk its own funds or otherwise incur any financial liability in the exercise or performance of any of its powers, rights, duties or privileges or administration of its duties.

(c) Upon the Closing, Purchaser shall wire to the Equityholder Representative the Expense Fund. The Expense Fund shall be held by the Equityholder Representative as agent and for the benefit of the Indemnifying Holders in a segregated client account and shall be used for the purposes of paying directly, or reimbursing the Equityholder Representative for, any Representative Expenses incurred pursuant to this Agreement, the Escrow Agreement or any Equityholder Representative letter agreement. The Equityholder Representative shall hold these funds separate from its corporate funds and will not voluntarily make these funds available to its creditors in the event of bankruptcy. The Equityholder Representative is not providing any investment supervision, recommendations or advice. The Equityholder Representative shall have no responsibility or liability for any loss of principal of the Expense Fund other than as a result of its bad faith, gross negligence or willful misconduct. The Equityholder Representative is not acting as a withholding agent or in any similar capacity in connection with the Expense Fund and has no tax reporting or income distribution obligations hereunder. As soon as reasonably determined by the Equityholder Representative that the Expense Fund is no longer required to be withheld, the Equityholder Representative shall distribute the remaining Expense Fund (if any) to the Escrow Agent, Paying Agent or Purchaser, as applicable, in each case for further distribution to the Indemnifying Holders.

Section 6.5 Third Party Actions. Other than a claim involving a Tax Matter, which procedure is set forth in and which shall be governed by Section 4.10(b) (*Tax Contests*), if any Indemnitee becomes aware of a third-party Action that such Indemnitee believes, in good faith, may result in an Indemnification Claim, such Indemnitee shall promptly (but in no event within ten (10) days) give written notice to the Equityholder Representative of such Action, stating the nature and basis of the claim and the amount thereof, to the extent known. Thereafter, the Indemnitee shall deliver to the Equityholder Representative, reasonably promptly after the Indemnitee's receipt thereof, copies of all notices and documents (including court papers) received from the counterparty in such third-party Action by the Indemnitee relating to the claim. The Indemnitee shall have the right to conduct the defense of such Action and shall, to the extent reasonably requested by the Equityholder Representative from time to time, shall give updates as to the status of such Action. The Equityholder Representative shall be entitled to participate in any such defense. The reasonable costs of any such participation by the Equityholder Representative in the defense of a third-party Action shall be paid by the Indemnifying Holders. Purchaser shall seek the prior written consent of the Equityholder Representative (which consent may not be unreasonably withheld) in connection with Purchaser's agreement to any settlement or compromise of any third-party Action. In the event that Purchaser shall fail to obtain such written consent of the Equityholder Representative, Purchaser may agree to any such settlement or compromise, and may make an Indemnification Claim therefor, but the Indemnifying Holders shall not be obligated to indemnify the Indemnitees for any settlement entered into without the Equityholder Representative's prior written consent.

Section 6.6 Indemnification Procedures.

(a) In the event that Purchaser or any other Indemnitee seeks a recovery, in accordance with the terms of this Article (including Section 6.3 (*Manner of Indemnification; Escrow*)), in respect of an Indemnification Claim other than from the Escrow Fund, Purchaser (on behalf of such other Indemnitee, if applicable) shall deliver a written notice (a "Claim Notice") to the Equityholder Representative, on behalf of the Indemnifying Holders. Each Claim Notice shall, with respect to each Indemnification Claim set forth therein, (i) specify in reasonable detail and in good faith the nature of, and factual and legal basis for, the Indemnification Claim being made and (ii) state the aggregate Dollar amount of Losses to which Purchaser or such Indemnitee is entitled to indemnification pursuant to this Article that have been incurred, or a good faith estimate of the aggregate Dollar amount of such Losses reasonably expected to be incurred, by Purchaser or such Indemnitee pursuant to such Indemnification Claim (the "Claim Amount"), and to the extent applicable whether such Indemnification Claim is being made against the IP Supplemental Cap or the Tax Cap. Any Claim Amount (or portion thereof) claimed in a Claim Notice or any other matter set forth therein shall be deemed to be finally resolved for purposes of this Article 6 when (A) such amount (or portion thereof) or other matter has been resolved by a written agreement executed by Purchaser and the Equityholder Representative, on behalf of the Indemnifying Holders or (B) such amount (or portion thereof) or matters have been resolved by a final, nonappealable order, decision or ruling of a court of competent jurisdiction or arbitrator with respect to such matter in dispute, or portion thereof (clauses (A) and (B), together, a "Final Resolution").

(b) Subject to Section 6.3 (*Manner of Indemnification; Escrow*) and the Escrow Agreement, any amount payable to Purchaser pursuant to a Final Resolution shall be paid promptly (but in no event later than ten (10) Business Days after the applicable payment obligation accrues) by the Equityholder Representative on behalf of the Indemnifying Holders (i) to the extent such payment will be made from the Escrow Fund, by execution of a written instruction from the Equityholder Representative to the Escrow Agent directing release from the Escrow Fund to Purchaser of the amount set forth in the Final Resolution or (ii) by wire transfer on behalf of the Indemnifying Holders of Dollars in immediately available funds to such account or accounts as may be designated by Purchaser in writing. Any amounts paid to Purchaser in respect of any Indemnification Claim asserted on behalf of an Indemnitee other than Purchaser shall be received by Purchaser on behalf of such other Indemnitee.

(c) Without prejudice to Section 6.4 (*Equityholder Representative*), in the event that the Equityholder Representative is no longer in existence, Purchaser may seek a recovery directly from the Indemnifying Holders as contemplated in this Section, with the Indemnifying Holders taking all such actions directly in lieu of the Equityholder Representative.

Section 6.7 Tax Treatment of Indemnity Payments. The Indemnifying Holders and Purchaser, Merger Sub, and Surviving Company agree to treat any indemnity payment made pursuant to this Article 6 as an adjustment to the Adjusted Merger Consideration for all income tax purposes, unless otherwise required by Applicable Law.

Section 6.8 Exclusive Remedy. Notwithstanding any other provision of this Agreement to the contrary, except as expressly set forth otherwise, this Article shall be the sole and exclusive remedy of the Indemnitees from and after the Effective Time and shall be in lieu of any other remedies that may be available to the Indemnified Parties under any other agreement or pursuant to any statutory or common law with respect to any Losses directly or indirectly resulting from or arising out of any claims arising under this Agreement or the Transactions; *provided*, *however*, that the foregoing sentence shall not be deemed a waiver by any party of any right to specific performance or injunctive relief, or any right or remedy arising by reason of any claim of fraud.

ARTICLE 7
TERMINATION

Section 7.1 Termination. At any time prior to the Closing, this Agreement may be terminated and the Merger abandoned:

(a) by mutual written consent of Purchaser and the Company;

(b) by either Purchaser or the Company, if the Merger shall not have been consummated on or before the close of business California time on December 9, 2014 or such other date that Purchaser and the Company may agree upon in writing (the "Termination Date"); *provided*, *however*, the Termination Date shall automatically be extended until March 9, 2015 if all of the conditions set forth in Article 5 except for the conditions set forth in the first sentences of Section 5.1(b) and Section 5.2(b) have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing); and *provided, further* that the right to terminate this Agreement under this Section 7.1(b) shall not be available to any party who is in default or breach hereunder or whose failure or whose Affiliate's failure to perform any of its obligations under this Agreement has resulted in the failure of the Merger to be consummated before the Termination Date;

(c) by either Purchaser or the Company, if any Law promulgated or enacted by any Governmental Entity prohibiting the consummation of the Merger shall be in effect and shall have become final and nonappealable;

(d) by Purchaser if it is not in material breach of any of its obligations hereunder and the Company shall have materially breached any of its representations, warranties, covenants or agreements contained herein, and such breach shall not have been cured within twenty (20) Business Days after receipt by the Company of written notice from Purchaser of such breach (*provided*, *however*, that no such cure period shall be available or applicable to any such breach which by its nature cannot be cured) and if not cured within such twenty (20) Business Day period and at or prior to the Closing, such breach would result in any of the conditions set forth in Section 5.1(a) (*Conditions to Obligations of Purchaser and Merger Sub*) being incapable of being satisfied by the Termination Date;

(e) by the Company if it is not in material breach of any of its obligations hereunder and Purchaser or Merger Sub shall have materially breached any of its representations, warranties, covenants or agreements contained herein and such breach shall not have been cured within twenty (20) Business Days after receipt by Purchaser of written notice from the Company of such breach (*provided*, *however*, that no such cure period shall be available or applicable to any such breach which by its nature cannot be cured) and if not cured within such twenty (20) Business Day period and at or prior to the Closing, such breach would result in any of the conditions set forth in Section 5.2 (*Conditions to Obligations of the Company*) being incapable of being satisfied by the Termination Date; or

(f) by the Company if (i) all the conditions set forth in Section 5.1 (*Conditions to Obligations of Purchaser and Merger Sub*) have been satisfied or waived (other than those conditions that by their terms are to be satisfied at the Closing, each of which shall be capable of being satisfied if the Closing Date were the date that notice of termination is delivered by the Company to Purchaser) and (ii) Purchaser and Merger Sub do not complete the Merger by the day the Closing is required to occur pursuant to Section 1.2 (*Closing; Effective Time*).

The party seeking to terminate this Agreement pursuant to this Section 7.1 (other than Section 7.1(a) above) shall give written notice of such termination to the other party.

Section 7.2 Effect of Termination. In the event of termination of this Agreement as set forth in Section 7.1 (*Termination*), this Agreement shall forthwith become void and there shall be no Liability or obligation on the part of Purchaser, Merger Sub, the Company or their respective officers, directors, shareholders, Affiliates or Representatives; *provided*, *however*, that (a) the provisions of this Section 7.2, Article 8 (*Miscellaneous*), Section 4.6 (*Confidentiality*) and the Confidentiality Agreement shall remain in full force and effect and survive any termination of this Agreement and (b) nothing herein shall relieve any party hereto from Liability in connection with any willful breach of this Agreement.

ARTICLE 8
MISCELLANEOUS

Section 8.1 Entire Agreement; Assignment; Successors. This Agreement and the other Transaction Documents (a) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof and supersede all other prior and contemporaneous agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof and (b) may not be assigned by operation of Law or otherwise; *provided*, *however*, that Purchaser may assign any or all of its rights and obligations under this Agreement to any direct or indirect wholly-owned Subsidiary of Purchaser, but no such assignment shall relieve Purchaser of its obligations hereunder. Any purported assignment of this Agreement in contravention of this Section 8.1 shall be null and void and of no force or effect. Subject to the preceding sentences of this Section 8.1, this Agreement will be binding upon, inure to the benefit of, and be enforceable by, the parties and their respective successors and assigns. In the event of any conflict or inconsistency between the terms of this Agreement and the terms of any other Transaction Document, the terms of this Agreement shall govern.

Section 8.2 Severability. If any term or other provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law, or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect, so long as the economic or legal substance of the transaction contemplated by this Agreement is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible, in a mutually acceptable manner, in order that the transactions contemplated by this Agreement be consummated as originally contemplated to the fullest extent possible.

Section 8.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed duly given (a) on the date of delivery if delivered personally, (b) if by facsimile, upon electronic confirmation of receipt by facsimile or, if not transmitted on a Business Day, the first (1st) Business Day following transmission, *provided*, that a copy of such notice or other communication is promptly sent by email, with the subject line “Project Alpine Notice”, (c) on the first (1st) Business Day following the date of dispatch if delivered utilizing a next-day service by a nationally recognized next-day courier (or in the case of any recipients sending or receiving notices outside of the United States, then on the second (2nd) Business Day following the date of dispatch) or (d) on the earlier of confirmed receipt or the fifth (5th) Business Day following the date of mailing if delivered by registered or certified mail, return receipt requested, postage prepaid, so long as all senders and receivers of any notices are in the United States. All notices and other communications hereunder shall be delivered to the addresses set forth below:

if to Purchaser, Merger Sub, or the Surviving Company:

ON Semiconductor Benelux B.V.
Naritaweg 165
1043 BW Amsterdam
The Netherlands
Attention: Board of Directors
Fax: +31 20 572 2300
Email: hpvisser@citco.com

with a copy to (which copy shall not constitute notice or constructive notice):

Morrison & Foerster LLP
425 Market St., Suite 3200
San Francisco, CA 94105
Attention: Eric McCrath
Fax: (415) 276-7159
Email: EMcCrath@mofo.com

if to the Company (prior to Closing):

Aptina, Inc.
c/o Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town, Grand Cayman KY1-9005
Cayman Islands

c/o Aptina, LLC
2660 Zanker Road
San Jose, CA 95134
Attention: General Counsel
Fax: (408) 521-0430
Email: rschlossman@aptina.com

with a copy to (which copy shall not constitute notice or constructive notice):

Simpson Thacher & Bartlett LLP
2475 Hanover Street
Palo Alto, California 94304
Attention: Kirsten Jensen
Fax: (650) 251-5002
Email: kjensen@stblaw.com

with a copy to the Equityholder Representative (which copy shall not constitute notice or constructive notice):

Fortis Advisors LLC
Attention: Notice Department
Fax: (858) 408-1843
Email: notices@fortisrep.com

if to the Equityholder Representative:

Fortis Advisors LLC
Attention: Notice Department
Fax: (858) 408-1843
Email: notices@fortisrep.com

with a copy to (which copy shall not constitute notice or constructive notice):

Simpson Thacher & Bartlett LLP
2475 Hanover Street
Palo Alto, California 94304
Attention: Kirsten Jensen
Fax: (650) 251-5002
Email: kjensen@stblaw.com

or to such other address as the Person to whom notice is given may have previously furnished to the others in writing in the manner set forth above.

Section 8.4 Governing Law. This Agreement shall be deemed to be made and in all respects shall be interpreted, construed and governed by and in accordance with the Laws of the State of Delaware without regard to the conflicts of laws principles thereof that would result in the application of the law of another jurisdiction.

Section 8.5 Submission to Jurisdiction. The parties hereby irrevocably submit to the exclusive jurisdiction of the Delaware Court of Chancery (or, only if the Delaware Court of Chancery declines to accept jurisdiction over a particular matter, any Federal court of the United States of America sitting in the State of Delaware), and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement and the Transaction Documents, and in respect of the transactions contemplated hereby and thereby, and hereby waive, and agree not to assert, as a defense in any Action for the interpretation or enforcement of this Agreement, the Transaction Documents or of any such other document, that it is not subject thereto or that such Action may not be brought or is not maintainable in said courts or that the venue thereof may not be appropriate or that this Agreement, any Transaction Document or any such other document may not be enforced in or by such courts. The parties hereby consent to and grant any such court jurisdiction over the Person of such parties and over the subject matter of such dispute and agree that mailing of process or other papers in connection with any such Action in the manner provided in Section 8.3 (*Notices*) as permitted by Applicable Law, shall be valid and sufficient service thereof.

Section 8.6 Interpretation; Article and Section References. The descriptive headings herein are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement. All references in this Agreement to Articles, Sections, Subsections, Annexes, Exhibits and Schedules are references to Articles, Sections, Subsections, Exhibits and Schedules, respectively, in and to this Agreement, unless otherwise specified. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The words “include” or “including” mean “include, without limitation” or “including, without limitation,” as the case may be, and the language following “include” or “including” shall not be deemed to set forth an exhaustive list. Any capitalized terms used in any Annex, Exhibit or Schedule but not otherwise defined therein shall have the meaning as defined in this Agreement. All Annexes, Exhibits and Schedules annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth herein.

Section 8.7 No Third-Party Beneficiaries. Except for Section 4.18 (*Indemnification; Directors' and Officers' Insurance*), which is intended for the benefit of the D&O Indemnitees, and Section 8.16 (*Provision Respecting Legal Representation*), which is intended for the benefit of STB, in each case, who shall be express third-party beneficiaries thereof, this Agreement shall be binding upon and inure solely to the benefit of each party hereto and its successors and permitted assigns and nothing in this Agreement is intended to or shall confer upon any other Person any legal or equitable rights, benefits or remedies of any nature whatsoever under or by reason of this Agreement.

Section 8.8 Counterparts; Electronic Signature. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same agreement. This Agreement may be executed by facsimile or electronic (.pdf) signature and a facsimile or electronic (.pdf) signature shall constitute an original for all purposes.

Section 8.9 Amendment and Modification. This Agreement may be amended, modified or supplemented by the parties at any time prior to the Closing Date (notwithstanding any shareholder approval). This Agreement may not be amended, modified or supplemented in any manner, whether by course of conduct or otherwise, except by an instrument in writing specifically designated as an amendment hereto, signed by each of the parties.

Section 8.10 Attorneys' Fees. In the event an Action is brought to enforce or interpret any provision of this Agreement, the prevailing party, or in the event that there is no prevailing party, then the substantially prevailing party, shall be entitled to recover documented fees and costs of legal counsel in an amount to be fixed by the court.

Section 8.11 Fees and Expenses. Except as otherwise set forth herein, all fees and expenses incurred in connection with or related to this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby shall be paid by the party incurring such fees or expenses, whether or not such transactions are consummated; *provided*, *however*, that if the Merger is consummated, all Transaction Expenses shall be treated as set forth in Section 1.11(b) (*Merger Consideration; Certified Closing Report*).

Section 8.12 Waivers. No failure or delay of a party in exercising any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such right or power, or any course of conduct, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereunder are cumulative and are not exclusive of any rights or remedies which they would otherwise have hereunder. Any agreement on the part of any party to any such waiver shall be valid only if expressly set forth in a written instrument executed and delivered by such party.

Section 8.13 No Presumption Against Drafting Party. The parties agree that they have been represented by counsel during the negotiation and execution of this Agreement and, therefore, waive the application of any Law or rule of construction providing that ambiguities in an agreement or other document will be construed against the party drafting such agreement or document.

Section 8.14 Materials Made Available. The parties agree that the words "Made Available" or words of similar import mean that, on or before 5:00 p.m. Pacific time on the second (2nd) Business Day immediately preceding the date of this Agreement, the Company has posted complete and correct copies of such materials to the virtual data room managed by the Company or otherwise provided to Purchaser and its Representatives; *provided*, that Purchaser and certain of its Representatives shall have been granted access to such virtual data room prior to such time in connection with the transactions contemplated by this Agreement.

Section 8.15 Specific Performance.

(a) The parties agree that irreparable damage would occur and that the parties would not have any adequate remedy at law in the event that any provision of this Agreement were not performed in accordance with its specific terms or were otherwise breached, and that money damages or other legal remedies would not be an adequate remedy for any such failure to perform or breach. Accordingly, the parties acknowledge and hereby agree that in the event of any breach or threatened breach by the Company, on the one hand, or Purchaser and Merger Sub, on the other hand, of any of their respective covenants or obligations set forth in this Agreement, the Company, on the one hand, and Purchaser and Merger Sub, on the other hand, shall be entitled to an injunction or injunctions to prevent or restrain breaches or threatened breaches of this Agreement by the other (as applicable), and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the other (as applicable) under this Agreement, without proof of actual damages or inadequacy of legal remedy and without bond or other security being required. The pursuit of specific enforcement by any party will not be deemed an election of remedies or waiver of the right to pursue any other right or remedy (whether at law or in equity) to which such party may be entitled.

(b) Each of the Company, on the one hand, and Purchaser and Merger Sub, on the other hand, hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent or restrain breaches or threatened breaches of this Agreement by the Company or Purchaser and Merger Sub, as applicable, and to specifically enforce the terms and provisions of this Agreement to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of the Company, on the one hand, or Purchaser and Merger Sub, on the other hand, as applicable, under this Agreement. The parties further agree that by seeking the remedies provided for in this Section 8.15, a party shall not in any respect waive its right to seek any other form of relief that may be available to a party under this Agreement (including monetary damages).

Section 8.16 Provision Respecting Legal Representation. It is acknowledged by each of the parties hereto that each of the Company and certain affiliates of TPG Capital, L.P. and Riverwood Capital LLC who are direct or indirect equityholders in the Company (the "Sponsor Holders") have retained Simpson Thacher & Bartlett LLP ("STB") to act as its counsel in connection with the transactions contemplated by the Transaction Documents, and that STB has not acted as counsel for any other party in connection therewith, and that no other party has the status of a client of STB for conflict of interest or any other purposes as a result thereof. The parties hereby agree that, in the event that a dispute arises after the Closing between the Company or Purchaser, on the one hand, and the Sponsor Holders, on the other hand, STB may represent any or all of the Sponsor Holders in such dispute even though the interests of the Sponsor Holders may be directly adverse to the Company or Purchaser or any of their respective Subsidiaries, and even though STB formerly may have represented the Company or any of its Subsidiaries in a matter substantially related to such dispute; provided, however, that this sentence shall not apply if STB is handling ongoing matters for the Company or Purchaser or any of their respective Subsidiaries. The Company further agrees that, in connection with any future dispute between the Company or Purchaser or any of their respective Affiliates, on the one hand, and any of the Sponsor Holders or their respective Affiliates, on the other hand, with respect to the transactions contemplated by the Transaction Documents, as to all communications among STB, the Company, any of the Company's Subsidiaries and any Sponsor Holder that relate in any way to the transactions contemplated by the Transaction Documents, the attorney-client privilege and the expectation of client confidence belongs to the applicable Sponsor Holder, and may be controlled by such Sponsor Holder, and shall not pass to or be claimed by the Company or Purchaser or any of their respective Subsidiaries.

Section 8.17 No Other Representations. Each of Purchaser and Merger Sub acknowledges and agrees that the representations and warranties of the Company expressly and specifically set forth in Article 2, as qualified by the Company Disclosure Schedule, constitute the sole and exclusive representations and warranties of the Company to Purchaser and Merger Sub in connection with the transactions contemplated hereby. EACH OF PURCHASER AND MERGER SUB UNDERSTANDS, ACKNOWLEDGES AND AGREES THAT ALL OTHER REPRESENTATIONS AND WARRANTIES OF ANY KIND OR NATURE EXPRESSED OR IMPLIED (OTHER THAN THOSE SET FORTH IN THE OTHER TRANSACTION DOCUMENTS) ARE SPECIFICALLY DISCLAIMED BY THE COMPANY AND THE SHAREHOLDERS, THE OPTIONHOLDERS AND THE RSU HOLDER SHALL NOT (EXCEPT AS OTHERWISE EXPRESSLY REPRESENTED TO IN ARTICLE 2 OF THIS AGREEMENT OR IN THE OTHER TRANSACTION DOCUMENTS) FORM THE BASIS OF ANY CLAIM AGAINST THE COMPANY OR ANY OF ITS ADVISORS, AFFILIATES OR THE SHAREHOLDERS, THE OPTIONHOLDERS AND/OR THE RSU HOLDER OR ANY OF THEIR RESPECTIVE AFFILIATES OR REPRESENTATIVES WITH RESPECT THERETO OR WITH RESPECT TO ANY RELATED MATTER.

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IN WITNESS WHEREOF, each of the parties has caused this Agreement to be duly executed on its behalf as of the day and year first above written.

ON SEMICONDUCTOR BENELUX B.V.

By: /s/ KEITH JACKSON
Name: Keith Jackson
Title: Attorney-in-Fact, through power of attorney

ALPINE ACQUISITION SUB

By: /s/ KEITH JACKSON
Name: Keith Jackson
Title: Director

[SIGNATURE PAGE TO MERGER AGREEMENT]

APTINA, INC.

By: /s/ PHILIP CARMACK
Name: Philip Carmack
Title: Chief Executive Officer

[SIGNATURE PAGE TO MERGER AGREEMENT]

FORTIS ADVISORS, LLC, in its capacity as Equityholder Representative

By: /s/ RYAN SIMKIN
Name: Ryan Simkin
Title: Managing Director

[SIGNATURE PAGE TO MERGER AGREEMENT]

ANNEX A

CERTAIN DEFINITIONS

For the purposes of this Agreement the following capitalized terms shall have the meanings set forth below (which shall apply equally to both the singular and plural forms of such terms):

"280G Shareholder Approval" has the meaning set forth in Section 4.4(c).

"401(k) Plan(s)" has the meaning set forth in Section 4.9(c).

"Accounting Practices and Procedures" means GAAP applied on a basis consistent with the Company's past practices, policies and procedures and set forth in the definitions, practices and procedures contained in Schedule D.

"Acquiror" has the meaning set forth in Section 4.8(b).

"Acquisition Proposal" has the meaning set forth in Section 4.8(a).

"Action" means any claim, action, cause of action, suit, demand, inquiry, proceeding, audit or investigation by or before any Governmental Entity, or any other arbitration, mediation or similar proceeding.

"Adjustment Amount" has the meaning set forth in Section 1.13(h).

"Adjusted Merger Consideration" has the meaning set forth in Section 1.13(g).

"Affiliate" means, with respect to any Person, a Person that, directly or indirectly, through one or more intermediaries controls, is controlled by or is under common control with the first-mentioned Person. For the purposes of this definition, "control," including the terms "controlled by" and "under common control with," means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, as general partner or managing member, by Contract or otherwise, including the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person; *provided*, that in no event shall the Company or any of its Subsidiaries be considered an Affiliate of any portfolio company of any investment fund affiliated with a Sponsor Holder nor shall any portfolio company of any investment fund affiliated with any Sponsor Holder be considered to be an Affiliate of the Company or any of its Subsidiaries.

"Aggregate Exercise Price" means the aggregate amount of the exercise price per share of all Options, other than Unvested Performance-Based Options, outstanding and unexercised immediately prior to the Closing that will be converted into the right to receive consideration pursuant to Section 1.9 (*Options and Restricted Stock Units*).

"Agreement" has the meaning set forth in the Preamble.

"Alternative Transaction" means, with respect to the Company, any transaction involving: (i) any acquisition or purchase from the Company, or from any shareholders of the Company, by any Person or Group of more than a ten percent (10%) interest in the total outstanding voting securities of the Company or any merger, consolidation, business combination or similar transaction involving the Company; (ii) any sale, lease, mortgage, pledge, exchange, transfer, license (other than in the ordinary course of business

consistent with past practice), acquisition, or disposition of more than ten percent (10%) of the assets of the Company in any single transaction or series of related transactions; or (iii) any liquidation, dissolution, recapitalization or other significant corporate reorganization of the Company, or any extraordinary dividend, whether of cash or other property, in each case other than the transactions contemplated hereby, and *provided* that "Alternative Transaction" shall not include any Cash Adjustments.

"Antitrust Division" has the meaning set forth in Section 4.3(b).

"Antitrust Laws" has the meaning set forth in Section 2.5(b).

"Applicable Anti-Corruption Laws" has the meaning set forth in Section 2.20(a).

"Applicable Law" means, with respect to any Person, any Law applicable to such Person or any of its respective properties, assets, officers, directors, employees, consultants or agents.

"Back-Office Systems" has the meaning set forth in Section 2.15(m).

"Balance Sheet" has the meaning set forth in Section 2.8.

"Board" has the meaning set forth in Section 2.4(a).

"Book-Entry Share" has the meaning set forth in Section 1.10(b).

"Business Day" means a day that is not (i) a Saturday, a Sunday or a statutory or civic holiday in the State of California or (ii) a day on which banking institutions are required by law to be closed in the State of California.

"Cash" means all cash, cash equivalents and publicly traded or liquid securities held by the Company and its Subsidiaries.

"Cash Adjustments" means any of the items set forth on Schedule E.

"CICL" has the meaning set forth in the Recitals.

"Certificates" has the meaning set forth in Section 1.10(b).

"Certified Closing Report" has the meaning set forth in Section 1.11(b).

"Claim Amount" has the meaning set forth in Section 6.6(a).

"Claim Notice" has the meaning set forth in Section 6.6(a).

"Closing" has the meaning set forth in Section 1.2(a).

"Closing Date" has the meaning set forth in Section 1.2(a).

"Closing Date Per Share Merger Consideration" means the quotient of (i) the Merger Consideration, divided by (ii) the number of Fully Diluted Shares as of immediately prior to the Effective Time.

"Closing Inventory" has the meaning set forth in Section 1.11(c).

"Closing Merger Consideration" has the meaning set forth in Section 1.13(h).

"Closure Period" has the meaning set forth in Section 1.10(c).

"COBRA" means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended.

"Code" means the United States Internal Revenue Code of 1986, as amended.

"Companion Chip" means a semiconductor integrated circuit device for use in processing data received from an Image Sensor. "Companion Chip" does not and shall not include any Memory Products.

"Company" has the meaning set forth in the Preamble.

"Company Disclosure Schedule" has the meaning set forth in the introduction of Article 2.

"Company Intellectual Property" means all Intellectual Property used or held for use by Company and its Subsidiaries in their respective businesses as currently conducted, including all Intellectual Property included in or used to provide, or otherwise practiced or exploited in connection with, the Company Products.

"Company Material Adverse Effect" means any event, circumstance, occurrence, change, effect or fact that, individually or in the aggregate, results or could reasonably be expect to result in, a material adverse effect on or a material adverse change in the business, liabilities, condition (financial or otherwise), or results of operations of the Company and its Subsidiaries, taken as a whole; *provided*, *however*, that no adverse change, event, development or other effect arising from or relating to any of the following, either alone or in combination, shall constitute a Company Material Adverse Effect: (i) changes after the date hereof in the industry (including operating, business, regulatory or other conditions) in which the Company and its Subsidiaries operate; (ii) changes after the date hereof in general economic conditions, including changes in the credit, debt, financial, currency or capital markets (including changes in interest or exchange rates), in domestic and international economic conditions; (iii) global, national or regional political conditions, including acts of war, sabotage or terrorism or military actions or any escalation, worsening or diminution of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (iv) any action required by this Agreement, including the negotiation, execution, announcement, pendency or performance of this Agreement or the consummation of the transactions contemplated hereby (including compliance with the covenants set forth herein and any action taken or omitted to be taken by the Company or any of its Subsidiaries at the written request or with the prior written consent of Purchaser or Merger Sub), including the impact thereof on relationships, contractual or otherwise, with, or actual or potential loss or impairment of, clients, customers, suppliers, distributors, partners, financing sources, employees and/or independent contractors and on revenue, profitability and/or cash flows; (v) earthquakes, floods, hurricanes, tornadoes, volcanic eruptions, natural disasters or other acts of nature; (vi) any change in Laws or GAAP or other applicable accounting rules, or the interpretation thereof; (vii) the fact that the prospective owner of the Company and its Subsidiaries is Purchaser or any Affiliate of Purchaser; (viii) any failure by the Company or any its Subsidiaries or Purchaser, Merger Sub or any of their Affiliates to meet any projections, forecasts or estimates (*provided*, *however*, that any effect, event, change, occurrence or circumstance that caused or contributed to such failure to meet any projections, forecasts or estimates shall not be excluded under this clause (viii)); (ix) any change in the credit rating of the Company or any of its Subsidiaries or Purchaser, Merger Sub or any of their Affiliates (*provided*, *however*, that any effect, event, change, occurrence or circumstance that caused or contributed to such change in such credit rating shall not be excluded under this clause (ix)); and (x) any breach of this Agreement by Purchaser or

Merger Sub. For purposes of clauses (i) – (iii) and clauses (v)-(vi) in the preceding sentence, such effects having a materially disproportionate impact on the Company as compared to similarly situated Persons shall not be excluded from the definition of "Company Material Adverse Effect."

"Company Option Plan" means the Aptina, Inc. Option Plan, as amended.

"Company Permits" has the meaning set forth in Section 2.6(b).

"Company Products" means all products and services that are designed, developed, distributed, hosted, sold, marketed, licensed, supplied, or otherwise provided, including as a platform (or currently under development, including as a platform) by or for the Company or any of its Subsidiaries (including all versions and releases thereof, whether already distributed or provided or currently under development), together with any related documentation, materials, or information.

"Company Registered IP" has the meaning the forth in Section 2.15(a)(i).

"Company Software" means the Software that is (or that the Company or any of its Subsidiaries purport is) owned (or purported to be owned) in whole or in part by the Company or any of its Subsidiaries.

"Contaminants" has the meaning set forth in Section 2.15(l).

"Confidentiality Agreement" has the meaning the forth in Section 4.6.

"Continuing Employee" has the meaning set forth in Section 4.9(a).

"Contract" means any contract, agreement, instrument, option, lease, license, sales and purchase order, warranty, note, bond, mortgage, indenture, obligation, commitment, binding application, arrangement or understanding, whether written or oral, express or implied, in each case as amended and supplemented from time to time.

"Copyrights" means any U.S. and non-U.S. copyrights and rights in mask works and information relating to mask works (including any registrations and applications therefor and whether registered or unregistered), works of authorship, and moral rights.

"D&O Indemnitees" has the meaning set forth in Section 4.18.

"D&O Tail Policy" has the meaning set forth in Section 4.18.

"Data Protection Laws" means (i) all Applicable Laws and (ii) the internal privacy policies and guidelines of the Company or any of its Subsidiaries, solely to the extent both (i) and (ii) relate to privacy, data protection and data security, with respect to the collection, storage, transmission, transfer (including cross-border transfers), disclosure and use of personally identifiable information (including personally identifiable information of employees, contractors, and third parties).

"Databases" means databases and other compilations and collections of data or information.

"Disputed Items" has the meaning set forth in Section 1.13(d).

"Dissenting Shares" has the meaning set forth in Section 1.8(a).

"Dollars" means United States dollars, the lawful currency of the United States. All references to monetary amounts herein shall be in Dollars unless otherwise specified herein.

"Domain Names" means registered Internet domain names and uniform resource locators.

"Effective Time" has the meaning set forth in Section 1.2(b).

"Employee Plans" has the meaning set forth in Section 2.11(a).

"Encumbrance" means any charge, claim, limitation, condition, equitable interest, mortgage, lien, option (including any right to acquire, right of pre-emption or conversion), pledge, hypothecation, security interest, title retention, easement, encroachment, right of first refusal or negotiation, adverse claim or restriction of any kind, including any restriction on or transfer or other assignment, as security or otherwise, of or relating to use, quiet enjoyment, voting, transfer, receipt of income or exercise of any other attribute of ownership, or any agreement to create any of the foregoing; *provided*, *however*, that the term "Encumbrance" shall not include (i) statutory liens for Taxes that are not yet due and payable or the amount or validity of which is being contested in good faith through appropriate proceedings and for which reserves have been established in accordance with GAAP, (ii) statutory or common law liens in favor of carriers, warehousemen, mechanics and materialmen, to secure claims for labor, materials or supplies and similar liens arising or incurred in the ordinary course of business or the amount or validity of which is being contested in good faith, (iii) all defects, exceptions, restrictions, easements, rights of way, covenants, conditions, exclusions, encumbrances and other similar matters (A) that are matters of record or may be shown or disclosed by an inspection, survey or title report or other similar report or (B) disclosed in policies of title insurance delivered or made available to Purchaser prior to the date hereof, (iv) zoning, building codes, entitlement and other land use and environmental regulations by any Governmental Entity, none of which materially and adversely impact the current use of the affected property, (v) title of a lessor, sub-lessor, licensor or sub-licensor or secured by a lessor's, sub-lessor's, licensor's or sublicensor's interest under a capital or operating lease, sublease, license or sublicense, (vi) such other imperfections in title, charges, easements, rights of way, licenses, restrictions (including zoning), covenants, conditions, defects, exceptions and encumbrances that do not materially and adversely impact the value or current use and operation of the affected property, (vii) purchase money liens and liens securing rental payments under capital or operating lease arrangements, (viii) any Encumbrance securing Indebtedness disclosed in the Financial Statements and/or Interim Financial Statements or otherwise reflected therein, (ix) Encumbrance on goods or inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued or created for the account of the Company or any of its Subsidiaries (*provided* that any such Encumbrance is only the obligation of the Company or any of its Subsidiaries), (x) other Encumbrance arising in the ordinary course of business for sums that are not material to the business or to the operations or financial condition of the Company taken as a whole and not incurred in connection with the borrowing of money, and (xi) restrictions on transfers of securities under applicable securities Laws or under the Shareholders Agreement.

"Environmental Law" means any Applicable Laws solely to the extent relating to (i) releases or threatened releases of Hazardous Substances or materials containing Hazardous Substances; (ii) the manufacture, handling, transport, use, treatment, storage or disposal of Hazardous Substances or materials containing Hazardous Substances; or (iii) pollution or protection of the environment, health, safety or natural resources.

"Environmental Permit" has the meaning set forth in Section 2.14(b).

"Equityholder Representative" has the meaning set forth in the Preamble.

"ERISA" has the meaning set forth in Section 2.11(a).

"ERISA Affiliate" means any trade or business, whether or not incorporated, under common control with the Company or any of its Subsidiaries and that, together with the Company or any of its Subsidiaries, is treated as a single employer within the meaning of Section 414(b), (c), (m) or (o) of the Code.

"Escrow Agent" has the meaning set forth in Section 6.3(a).

"Escrow Agreement" means an escrow agreement to be entered into on customary terms and conditions among the Company, Purchaser and the Escrow Agent relating to the Escrow Amount and that is reasonably acceptable to the Company and Purchaser.

"Escrow Amount" has the meaning set forth in Section 6.3(a).

"Escrow Fund" has the meaning set forth in the Recitals.

"Escrow Period" means the period that is fifteen (15) months from the Closing Date.

"Estimated Balance Sheet" has the meaning set forth in Section 1.11(b).

"Estimated Net Cash" has the meaning set forth in Section 1.11(b).

"Estimated Net Working Capital" has the meaning set forth in Section 1.11(b).

"Estimated Net Working Capital Excess" has the meaning set forth in Section 1.11(a).

"Estimated Net Working Capital Shortfall" has the meaning set forth in Section 1.11(a).

"Estimated Transaction Expenses" has the meaning set forth in Section 1.11(b).

"Expense Fund" means $500,000, or such greater amount as the Equityholder Representative notifies the Purchaser not less than five (5) Business Days prior to Closing.

"Expiration Date" has the meaning set forth in Section 6.1(c).

"Export Control Laws" means (i) all applicable U.S. import and export Laws (including those Laws under the authority of U.S. Departments of Commerce (Bureau of Industry and Security) codified at 15 CFR, Parts 700-799; Homeland Security (Customs and Border Protection) codified at 19 CFR, Parts 1-199; State (Directorate of Defense Trade Controls) codified at 22 CFR, Parts 103, 120-130; and Treasury (Office of Foreign Assets Control) codified at 31 CFR, Parts 500-599) and (ii) all other applicable import and export controls in the other countries in which the Company conducts business.

"Final Resolution" has the meaning set forth in Section 6.6(a).

"Financial Statements" has the meaning set forth in Section 2.7(a).

"Firm" has the meaning set forth in Section 1.13(d).

"FTC" has the meaning set forth in Section 4.3(b).

"Fully Diluted Shares" means the sum, without duplication of (i) the number of Ordinary Shares issued and outstanding immediately prior to the Effective Time, (ii) the number of Ordinary Shares of the Company issuable upon conversion of Preferred Shares that are issued and outstanding after the payment of the dividend described in Section 1.6 (*Payment of Dividend on Series B Preferred Shares*) and immediately prior to the Effective Time, (iii) the number of Ordinary Shares of the Company issuable upon exercise of all Options outstanding immediately prior to the Effective Time for which the exercise price is less than the Closing Date Per Share Merger Consideration, other than Unvested Performance-Based Options and (iv) the number of Ordinary Shares of the Company underlying RSUs that are issued and outstanding immediately prior to the Effective Time, in each case without prejudice to the representations and warranties contained in Section 2.3 (*Capitalization*) or the covenants contained in Section 4.1 (*Conduct of Business of the Company*) and Section 4.2 (*Restrictions on Conduct of Business of the Company*).

"Fundamental Representations" has the meaning set forth in Section 6.1(c)(i).

"GAAP" has the meaning set forth in Section 2.7(b).

"General Cap" has the meaning set forth in Section 6.2(b)(i)(D).

"Government Contract" means any Contract of the Company or pursuant to which its properties or assets are bound to which any Governmental Entity is a party or is otherwise bound and (ii) any Contract pursuant to which the Company participate in any program involving a Governmental Entity or is entitled to any right or benefit (including Tax subsidies) provided by any Governmental Entity.

"Governmental Entity" means any federal, national, state, provincial, local or similar government, governmental, regulatory, administrative or quasi-governmental authority, branch, office, agency, commission or other body, or any court, tribunal, or arbitral or judicial body (including any grand jury), whether domestic or foreign.

"Governmental Order" means any executive order, injunction, judgment, decree, writ, order or other requirement issued by any Governmental Entity, or pursuant to any binding arbitration, mediation or similar proceeding.

"Government Officials" has the meaning set forth in Section 2.20(b).

"Group" has the meaning set forth in Section 13(d) of the Securities Exchange Act of 1934, as amended, the rules and regulations thereunder and related case law.

"Hazardous Substances" means (i) those substances defined in or regulated under the Hazardous Materials Transportation Act, the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation and Liability Act, the Clean Water Act, the Safe Drinking Water Act, the Atomic Energy Act, the Federal Insecticide, Fungicide, and Rodenticide Act and the Clean Air Act, and their state counterparts, as each may be amended from time to time, and all regulations thereunder; (ii) petroleum and petroleum products, including crude oil and any fractions thereof; (iii) natural gas, synthetic gas, and any mixtures thereof; (iv) polychlorinated biphenyls, asbestos and radon; (v) any other similar pollutant or contaminant; and (vi) any substance, material or waste regulated by any Governmental Entity pursuant to any Environmental Law.

"HSR Act" has the meaning set forth in Section 2.5(b).

"Image Sensor" means a semiconductor integrated circuit device having the primary purpose of converting impinging light into an electrical representation of the information in the light. "Image Sensor" does not and shall not include any Memory Products.

"Imaging Product" means an Image Sensor, SOC, and/or Companion Chip.

"Inbound License Agreement" means any agreement granting to the Company or any of its Subsidiaries any right to use or otherwise practice or exploit any rights under any Intellectual Property (other than non-exclusive licenses for generally commercially available Software that is licensed for less than $100,000 in the aggregate on an annual basis).

"Indebtedness" means any of the following, whether or not contingent or due and payable: (i) indebtedness of the Company or any of its Subsidiaries for borrowed money; (ii) obligations of the Company or any of its Subsidiaries evidenced by bonds, debentures, notes or other similar instruments; (iii) obligations of the Company in respect of letters of credit or other similar instruments (or reimbursement agreements in respect thereof) or banker's acceptances; (iv) obligations of the Company or any of its Subsidiaries to pay the deferred and unpaid purchase price of property or services, which purchase price is due more than three (3) months after the date of placing such property in service or taking delivery thereof and title thereto or the completion of such services; (v) capitalized lease obligations of the Company or any of its Subsidiaries; (vi) indebtedness of third parties which is either guaranteed by the Company or any of its Subsidiaries or secured by an Encumbrance on the assets of the Company or any of its Subsidiaries; and (vii) all accrued interest on, any prepayment penalties associated with, and any payments arising from or related to the termination of, any of the foregoing. Notwithstanding the foregoing, "Indebtedness" shall not include (x) Transaction Expenses, (y) accounts payable not yet due, trade payables and similar liabilities or accruals that do not represent indebtedness for borrowed money and are incurred in the ordinary course of business consistent with past practice or (z) intercompany indebtedness among the Company and the Company Subsidiaries.

"Indemnification Claim" has the meaning set forth in Section 6.3(a).

"Indemnifying Holders" has the meaning set forth in Section 6.2(a).

"Indemnitee" has the meaning set forth in Section 6.2(a).

"Insurance Policies" has the meaning set forth in Section 2.19.

"Intellectual Property" means any Trademarks, Patents, Copyrights, Trade Secrets, Domain Names, Technology, Software, Databases, industrial design rights and registrations thereof and applications therefor, proprietary processes, publicity and privacy rights, including all rights with respect to use of an individual's name, signature, likeness, image, photograph, voice, identity, personality, and biographical and personal information and materials, and other confidential information.

"Interim Financial Statements" has the meaning set forth in Section 2.7(a).

"International Plans" has the meaning set forth in Section 2.11(e).

"Inventory" means all of the inventory held for sale by the Company and its Subsidiaries, and all of the raw materials, work in process, finished products, supply and packaging items of the Company and its Subsidiaries, wherever the same may be located, and, in each case, that are primarily used or held for use in the conduct of the business of the Company and its Subsidiaries.

"IP Rep" has the meaning set forth in Section 6.1(c)(ii).

"IP Supplemental Cap" has the meaning set forth in Section 6.2(b)(i)(E).

"IP Survival Period" has the meaning set forth in Section 6.1(c)(ii).

"IRS" means the Internal Revenue Service.

"Key Employees" has the meaning set forth in Schedule 4.2(g)(vi).

"Knowledge of the Company" or any similar phrase means, with respect to any fact or matter, the knowledge, after due and diligent inquiry, of the individuals set forth in Schedule F.

"Law" means any statute, law, treaty, ordinance, regulation, directive, rule, code, executive order, injunction, judgment, decree, writ, order or other requirement, including any successor provisions thereof, of any Governmental Entity.

"Leased Real Property" means all Real Property leased, subleased or licensed to the Company or any of its Subsidiaries or which the Company or any of its Subsidiaries otherwise has a right or option to use or occupy.

"Letter of Transmittal" has the meaning set forth in Section 1.10(b).

"Liability" means, with respect to any Person, any liability or obligation of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether or not the same is required to be accrued on the financial statements of such Person.

"Loss Amounts" has the meaning set forth in Section 6.1(d).

"Losses" means any and all reasonably foreseeable deficiencies, judgments, settlements, assessments, liabilities, losses, damages (whether direct, special, indirect, incidental or consequential), interest, fines, penalties, costs, and expenses (including reasonable legal, accounting and other costs and expenses of professionals) incurred in connection with investigating, defending, settling or otherwise satisfying any and all Actions, assessments, judgments or appeals, and in seeking indemnification therefor.

"Made Available" has the meaning set forth in Section 8.14.

"Material Contracts" has the meaning set forth in Section 2.17(a).

"Maximum Escrow Adjustment" means $3,500,000.

"Memory Product" means one or more integrated circuits, printed circuit boards, multi-chip packages or other assemblies with which such integrated circuits are attached or otherwise associated that are designed, developed, marketed, or used primarily for storing data and/or programs including, for example and without limitation, any dynamic, static, low volatility or non-volatile memory, whether as discrete integrated circuits, or as part of a SIMM, DIMM, multi-chip package, memory card (e.g., compact flash card, SD card, etc.) or other memory module or package. "Memory Product" does not and shall not include any Imaging Products.

"Merger" has the meaning set forth in the Recitals.

"Merger Consideration" has the meaning set forth in Section 1.11(a).

"Merger Sub" has the meaning set forth in the Preamble.

"Micron" has the meaning set forth in the Recitals.

"Micron Acquisition" means the purchase of certain assets by Aptina, LLC, a Subsidiary of the Company, from Micron, as set forth in that certain Asset Purchase Agreement, dated as of May 16, 2014, by and between Aptina, LLC, Micron and the Company, including all annexes, exhibits, schedules and supplements thereto.

"Micron Price" means the purchase price payable by Aptina, LLC to Micron pursuant to the terms of the Micron Acquisition.

"Mini-Basket" has the meaning set forth in Section 6.2(b)(i)(C).

"Net Cash" means, the amount, which may be positive or negative, equal to (i) the aggregate amount (if any) of Cash of the Company and its Subsidiaries as of immediately prior to the Effective Time that the parties agree will be retained by the Company or its Subsidiaries as of the Effective Time and not be distributed pursuant to and in accordance with the provisions of Section 4.19 minus (ii) the aggregate amount of all Indebtedness (excluding any Indebtedness that will be extinguished as of the Closing in connection with the Cash Adjustments) of the Company and its Subsidiaries as of immediately prior to the Effective Time.

"Net Working Capital" means, on a consolidated basis of the Company and the Company Subsidiaries, current assets minus current liabilities as further adjusted and determined in accordance with the Accounting Practices and Procedures. For the avoidance of doubt, the calculation of Net Working Capital shall exclude any accounting changes resulting from or incurred as a result of the consummation of the transaction contemplated by this Agreement, including any changes resulting from purchase price accounting.

"Net Working Capital Excess" has the meaning set forth in Section 1.13(f)(ii).

"Net Working Capital Shortfall" has the meaning set forth in Section 1.13(e)(ii).

"Notice of Disagreement" has the meaning set forth in Section 1.13(b).

"Open Source Technology" means Software or other subject matter that is distributed under an open source license such as (by way of example only) the GNU General Public License, GNU Lesser General Public License, Apache License, Mozilla Public License, BSD License, MIT License, Common Public License, any derivative of any of the foregoing licenses, or any other license approved as an open source license by the Open Source Initiative, including any license that requires source code to be made available in connection with any license, sublicense or distribution of such Software.

"Option" means each option to purchase Ordinary Shares issued under the Company Option Plan that is outstanding and unexercised immediately prior to the Closing.

"Option Consideration" has the meaning set forth in Section 1.9(a).

"Option Payoff Amount" has the meaning set forth in Section 1.9(a).

"Optionholders" means the holders of Options.

"Ordinary Shares" means the outstanding ordinary shares in the capital of the Company, with a par value of $0.25 per share.

"Outbound License Agreement" means any agreement under which the Company or any of its Subsidiaries grants licenses or other rights in or to use or otherwise practice or exploit any rights under any owned Intellectual Property (other than non-exclusive licenses granted in the ordinary course of business to customers and partners as part of the sale and support of Company Products under Company's or its Subsidiaries' standard customer and license agreements substantially in the form Made Available to Purchaser).

"Patents" means any U.S. and non-U.S. patents and patent applications (including any continuations, continuations in part, divisional, reissues, renewals and applications for any of the foregoing).

"Paying Agent" has the meaning set forth in Section 1.10(a).

"Paying Agent Agreement" has the meaning set forth in Section 1.10(a).

"Permits" means any licenses, franchises, approvals, certificates, consents, waivers, concessions, exemptions, variances, orders, registrations, notices or other authorizations of any Governmental Entity

"Person" means an individual, corporation, partnership, limited liability company, association, trust, unincorporated organization or other legal entity including any Governmental Entity.

"Plan of Merger" has the meaning set forth in Section 1.2(b).

"Post-Closing Covenants" has the meaning set forth in Section 6.1(b).

"Post-Closing Statement" has the meaning set forth in Section 1.13(a).

"Preferred Shares" means the outstanding preferred shares in the capital of the Company, with a par value of $0.25 per share.

"Primary Basket" has the meaning set forth in Section 6.2(b)(i)(B).

"Proportionate Share" has the meaning set forth in Section 1.12.

"Purchase Price" has the meaning set forth in the Recitals.

"Purchaser" has the meaning set forth in the Preamble.

"Purchaser Material Adverse Effect" means a material adverse effect on the ability of Purchaser or Merger Sub to consummate the transactions contemplated by this Agreement or any of the other Transaction Documents.

"Purchaser Plans" has the meaning set forth in Section 4.9(a).

"Real Property" means all land, together with all buildings, structures, improvements and fixtures located thereon, including all electrical, mechanical, plumbing and other building systems, fire protection, security and surveillance systems, telecommunications, computer, wiring, and cable installations, utility installations, water distribution systems, and landscaping, together with all easements and other rights and interests appurtenant thereto (including air, oil, gas, mineral, and water rights).

"Register of Members" has the meaning set forth in Section 1.10(b).

"Related Party" with respect to any specified Person, means: (i) any Affiliate of such specified Person, or any director, executive officer, general partner or managing member of such Affiliate; (ii) any Person who serves as a director, executive officer, partner or managing member or in a similar capacity of such specified Person; (iii) any Immediate Family member of a Person described in clause (ii); or (iv) any other Person who holds, individually or together with any Affiliate of such other Person and any member(s) of such Person's Immediate Family, more than five percent (5%) of the outstanding equity or ownership interests of such specified Person; *provided* that the Company shall not be considered a Related Party of any of its Subsidiaries nor shall any Subsidiary of the Company be considered a Related Party of any other Subsidiary of the Company. For the purposes of this definition, "Immediate Family," with respect to any specified Person, means such Person's spouse, parents, children and siblings, including adoptive relationships and relationships through marriage, or any other relative of such Person that shares such Person's home.

"Representatives" means, with respect to any Person, such Person's officers, directors, principals, employees, advisors, auditors, agents, bankers and other representatives.

"Representative Expenses" has the meaning set forth in Section 6.4(b).

"Representative Group" has the meaning set forth in Section 6.4(b).

"Required Approvals" means the approvals and clearances of Governmental Entities, works council, union, or other employee-representative body applicable to the transactions contemplated by this Agreement and the Transaction Documents.

"Requisite Shareholder Approval" has the meaning set forth in Section 2.4(a).

"Resolutions" has the meaning set forth in the Recitals.

"Restricted Stock Units" or "RSUs" means the restricted stock units granted to Phil Carmack on June 11, 2013, pursuant to a restricted stock unit award agreement entered into by and between Mr. Carmack and the Company.

"RSU Consideration" has the meaning set forth in Section 1.9(c).

"Section 409A" has the meaning set forth in Section 2.16(k).

"Series B Preferred Shares" has the meaning set forth in Section 1.6.

"Shareholder" means any holder of the Ordinary Shares or Preferred Shares.

"Advisory Group" has the meaning set forth in Section 6.4(b).

"Shareholders Agreement" means the Second Amended and Restated Shareholders Agreement, dated as of November 19, 2012, by and among the Company, Aptina Acquisition L.P., Micron, Riverwood Capital Partners (Parallel-A) L.P., Riverwood Capital Partners (Parallel-B) L.P., TPG Aptina Acquisition II, L.P. and the other parties thereto.

"Shares" has the meaning set forth in Section 1.7.

"SIG" has the meaning set forth in Section 2.15(k).

"Singapore Losses" means the unabsorbed Tax losses of Aptina Pte. Ltd. as of the Effective Time.

"SOC" means a semiconductor integrated circuit or device on a single silicon substrate comprised of one or more photo elements (such as photodiodes or photogates), logic circuits and/or memory circuits, such integrated circuit device having the primary purpose of receiving light, converting it into an electromagnetic representation of the information in the light, and balancing, correcting, manipulating or otherwise processing such electromagnetic signals. "SOC" does not and shall not include any Memory Products.

"Software" means any and all (i) computer programs, including any and all software implementations of algorithms, heuristics, models and methodologies, whether in source code or object code, (ii) testing, validation, verification and quality assurance materials, (iii) conversions, interpreters and compilations, including any and all data and collections of data, whether machine readable or otherwise, (iv) descriptions, schematics, flow-charts and other work product used to design, plan, organize and develop any of the foregoing, (v) all documentation, including user manuals, web materials and architectural and design specifications and training materials, relating to any of the foregoing, (vi) software development processes, practices, methods and policies recorded in permanent form, relating to any of the foregoing, and (vii) performance metrics, sightings, bug and feature lists, build, release and change control manifests recorded in permanent form, relating to any of the foregoing.

"Specified Basket" has the meaning set forth in Section 6.2(b)(i)(A).

"Specified Losses" has the meaning set forth in Section 6.2(b)(i)(A).

"Specified Matter" has the meaning set forth in Section 6.2(b)(i)(A).

"Sponsor Holder" has the meaning set forth in Section 8.16.

"STB" has the meaning set forth in Section 8.16.

"Straddle Period" has the meaning set forth in Section 4.10(d).

"Subsidiary" of the Company, Purchaser or any other Person means any corporation, partnership, limited liability company, association, trust, unincorporated association or other legal entity of which the Company, Purchaser or any such other Person, as the case may be (either alone or through or together with any other Subsidiary), (i) owns, directly or indirectly, fifty percent (50%) or more of the shares of capital stock or other equity interests that are generally entitled to vote for the election of the board of directors or other governing body of such corporation or other legal entity, or (ii) has the contractual or other power to designate a majority of the board of directors or other governing body (and, where the context permits, includes any predecessor of such an entity).

"Surviving Company" has the meaning set forth in Section 1.1.

"Target Net Working Capital" has the meaning set forth on Schedule D.

"Tax" means (i) all direct and indirect statutory, governmental, federal, state, local, municipal, foreign and other net income, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, lease, service, service use, withholding, payroll, employment, excise, severance, stamp, occupation, premium, property, unclaimed property, escheat, windfall profits, customs, duties or other taxes, contributions, rates, levies (including social security), fees, assessments or charges of any kind whatsoever, whether disputed or not, together with any interest and any penalties, additions to tax or additional amounts with respect thereto, (ii) any Liability for payment of amounts described in clause (i) whether as a result of transferee Liability, of being a member of an affiliated, consolidated, combined, unitary or similar group for any period, or otherwise through operation of Law, and (iii) any Liability for the payment of amounts described in clauses (i) or (ii) as a result of any tax sharing, tax indemnity or tax allocation agreement or any other express or implied agreement to indemnify any other Person.

"Tax Benefit" has the meaning set forth in Section 4.10(g).

"Tax Items" has the meaning set forth in Section 4.10(g).

"Tax Matters" has the meaning set forth in Section 4.10(b).

"Tax Rep" has the meaning set forth in Section 6.1(c)(ii).

"Tax Return" means any written or electronic return, certificate, declaration, notice, report, statement, information statement and document filed or required to be filed with respect to Taxes, amendments thereof, and schedules and attachments thereto.

"Tax Supplemental Cap" has the meaning set forth in Section 6.2(b)(i)(F).

"Tax Survival Period" has the meaning set forth in Section 6.1(c)(ii).

"Taxing Authority" means any Governmental Entity having authority with respect to Taxes.

"Technology" means any and all (i) formulae, algorithms, procedures, processes, methods and methodologies, models, techniques, know how, ideas, creations, concepts, inventions, discoveries, improvements, and invention disclosures (whether patentable or unpatentable and whether or not reduced to practice); (ii) technical, engineering, manufacturing, product, marketing, servicing, financial, supplier, personnel and other information and materials; (iii) customer lists, customer contact and registration information, customer correspondence and customer purchasing histories; (iv) specifications, designs, models, devices, prototypes, schematics and development tools; and (v) Software, websites, user interfaces, content, images, graphics, text, photographs, artwork, audiovisual works, sound recordings, graphs, drawings, reports, analyses, writings, and other works of authorship and copyrightable subject matter or subject matter entitled to mask work protection.

"Termination Date" has the meaning set forth in Section 7.1(b).

"Threshold Amount" has the meaning set forth on Schedule D.

"Top Customers" has the meaning set forth in Section 2.22(a).

"Top Distributors" has the meaning set forth in Section 2.22(a).

"Top Suppliers" has the meaning set forth in Section 2.22(a).

"Trade Secrets" means any information, including any formula, pattern, compilation, program, device, method, technique, or process, that (i) derives independent economic value, actual or potential, from not being generally known to the public or to other Persons who can obtain economic value from its disclosure or use and (ii) is the subject of efforts to maintain its secrecy, and any rights to limit the use or disclosure thereof by any Person.

"Trademarks" means any U.S. and non-U.S. (which shall include the European Union) registered and unregistered trademarks, service marks, trade dress, trade names, Domain Names, and other indicia of source, origin, endorsement, sponsorship or certification, designs, industrial designs, product packaging shape, and other elements of product and product packaging appearance together with all registrations and applications for registration of any of the foregoing and all goodwill related to any of the foregoing.

"Transaction Documents" means this Agreement, the Company Disclosure Schedule, the Confidentiality Agreement and each of the other agreements, certificates, documents and instruments contemplated hereby and thereby, including all Schedules and Exhibits hereto and thereto.

"Transaction Expenses" means all fees and expenses incurred by the Company or its Subsidiaries or any Shareholder (to the extent borne by the Company or any of its Subsidiaries) in connection with this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, including all legal, Tax (including employer Taxes required to be paid in connection with payments to holders of Options and RSUs and any Transfer Taxes payable by the Company in accordance with Section 4.10(c)), accounting, financial advisory, investment banking, consulting fees and expenses and other like fees and expenses of third parties incurred by the Company and its Subsidiaries (including on behalf of a Shareholder) in connection with the negotiation, documentation and effectuation of the terms and conditions of this Agreement and the other Transaction Documents and the transactions contemplated hereby and thereby, and all other fees, expenses or other amounts set forth on Schedule G, in each case to the extent not paid prior to the Closing. Transaction Expenses shall not include: (A) any amounts included in the calculation of Net Cash or paid prior to the Closing by the Company or its Subsidiaries and (B) any fees or expenses incurred by Purchaser, Merger Sub or the Surviving Company or any of their respective Subsidiaries or any of their attorneys, accountants, consultants, investment bankers or other advisors, regardless of whether any such fees or expenses may be paid by the Company or any of its Subsidiaries.

"Transaction Expenses Schedule" means (i) a true and complete list of all Transaction Expenses paid as of the Closing and (ii) the Company's good faith estimate of all Transaction Expenses unpaid as of the Closing (separately identifying those incurred as of the Closing and those expected to be incurred after the Closing).

"Transactions" means the transactions contemplated by this Agreement and the other Transaction Documents.

"Transfer Taxes" means any statutory, governmental, federal, state, local, municipal, foreign and other transfer, documentary, real estate transfer, mortgage recording, sales, use, stamp, registration, value-added and other similar Taxes, and all conveyance fees, recording charges and other fees and charges (including any penalties and interest) incurred in connection with the transactions contemplated by this Agreement.

"Unvested Performance-Based Options" has the meaning set forth in Section 1.9(b).

"WARN Act" means the Worker Adjustment and Retraining Notification Act of 1988, as amended, and any similar state or local Laws.

Exhibit 10.1

EXECUTION COPY

J.P.Morgan

AMENDED AND RESTATED CREDIT AGREEMENT

dated as of

October 10, 2013

among

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
as the Borrower

ON SEMICONDUCTOR CORPORATION,
as Holdings

The Lenders Party Hereto

JPMORGAN CHASE BANK, N.A.
as Administrative Agent,

BANK OF AMERICA, N.A.,
THE ROYAL BANK OF SCOTLAND plc and
SUMITOMO MITSUI BANKING CORPORATION
as Co-Syndication Agents

and

MORGAN STANLEY MUFG LOAN PARTNERS, LLC,
BARCLAYS BANK PLC and FIFTH THIRD BANK
as Co-Documentation Agents

J.P. MORGAN SECURITIES LLC,
MERRILL LYNCH, PIERCE, FENNER & SMITH INCORPORATED,
RBS SECURITIES INC. and SUMITOMO MITSUI BANKING CORPORATION
as Joint Bookrunners and Joint Lead Arrangers

TABLE OF CONTENTS

TABLE OF CONTENTS
(continued)

AMENDED AND RESTATED CREDIT AGREEMENT (this "Agreement") dated as of October 10, 2013 among SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC, ON SEMICONDUCTOR CORPORATION, the LENDERS from time to time party hereto, JPMORGAN CHASE BANK, N.A., as Administrative Agent, BANK OF AMERICA, N.A., THE ROYAL BANK OF SCOTLAND plc and SUMITOMO MITSUI BANKING CORPORATION, as Co-Syndication Agents, and MORGAN STANLEY MUFG LOAN PARTNERS, LLC, BARCLAYS BANK PLC and FIFTH THIRD BANK, as Co-Documentation Agents.

WHEREAS, the Borrower, Holdings, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent thereunder, are currently party to the Credit Agreement, dated as of December 23, 2011 (as amended, supplemented or otherwise modified prior to the date hereof, the "Existing Credit Agreement").

WHEREAS, the Borrower, Holdings, the Lenders, the Departing Lenders (as hereafter defined) and the Administrative Agent have agreed (a) to enter into this Agreement in order to (i) amend and restate the Existing Credit Agreement in its entirety; (ii) extend the maturity date in respect of the existing revolving credit facility under the Existing Credit Agreement; (iii) re-evidence the "Obligations" under, and as defined in, the Existing Credit Agreement, which shall be repayable in accordance with the terms of this Agreement; and (iv) set forth the terms and conditions under which the Lenders will, from time to time, make loans and extend other financial accommodations to or for the benefit of the Borrower and (b) that each Departing Lender shall cease to be a party to the Existing Credit Agreement as evidenced by its execution and delivery of its Departing Lender Signature Page.

WHEREAS, it is the intent of the parties hereto that this Agreement not constitute a novation of the obligations and liabilities of the parties under the Existing Credit Agreement or be deemed to evidence or constitute full repayment of such obligations and liabilities, but that this Agreement amend and restate in its entirety the Existing Credit Agreement and re-evidence the obligations and liabilities of the Borrower outstanding thereunder, which shall be payable in accordance with the terms hereof.

WHEREAS, it is also the intent of the Borrower to confirm that all obligations under the applicable "Loan Documents" (as referred to and defined in the Existing Credit Agreement) shall continue in full force and effect as modified or restated by the Loan Documents (as referred to and defined herein) and that, from and after the Effective Date, all references to the "Credit Agreement" contained in any such existing "Loan Documents" shall be deemed to refer to this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the parties hereto agree that the Existing Credit Agreement is hereby amended and restated as follows:

ARTICLE I

Definitions

SECTION 1.01. Defined Terms. As used in this Agreement, the following terms have the meanings specified below:

"ABR", when used in reference to any Loan or Borrowing, refers to a Loan, or the Loans comprising such Borrowing, bearing interest at a rate determined by reference to the Alternate Base Rate.

"Adjusted LIBO Rate" means, with respect to any Eurocurrency Borrowing for any Interest Period, an interest rate per annum (rounded upwards, if necessary, to the next 1/16 of 1%) equal to (a) the LIBO Rate for such Interest Period multiplied by (b) the Statutory Reserve Rate.

"Administrative Agent" means JPMorgan Chase Bank, N.A. (including its branches and affiliates), in its capacity as administrative agent for the Lenders hereunder.

"Administrative Questionnaire" means an Administrative Questionnaire in a form supplied by the Administrative Agent.

"Affiliate" means, with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"Agent Party" has the meaning assigned to such term in Section 9.01(d).

"Agreed Currencies" means (i) Dollars, (ii) euro, (iii) Pounds Sterling, (iv) Japanese Yen and (v) any other Foreign Currency (x) that is a lawful currency (other than Dollars) that is readily available and freely transferable and convertible into Dollars, (y) for which a LIBOR Screen Rate is available in the Administrative Agent's determination and (z) that is requested by the Borrower and agreed to by the Administrative Agent and each of the Multicurrency Tranche Lenders.

"Alternate Base Rate" means, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus ½ of 1% and (c) the Adjusted LIBO Rate for a one month Interest Period on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%, provided that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate appearing on Reuters Screen LIBOR01 Page (or on any successor or substitute page of such page) at approximately 11:00 a.m. London time on such day. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective from and including the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, respectively.

"Anti-Corruption Laws" means all laws, rules, and regulations of any jurisdiction applicable to Holdings, the Borrower or the Subsidiaries from time to time concerning or relating to bribery or corruption, including, without limitation, the Patriot Act, OFAC and the Foreign Corrupt Practices Act.

"Applicable Lender" has the meaning assigned to such term in Section 2.06(d).

"Applicable Percentage" means (a) with respect to any Multicurrency Tranche Lender, its Multicurrency Tranche Percentage and (b) with respect to any Dollar Tranche Lender, its Dollar Tranche Percentage.

"Applicable Rate" means, for any day, with respect to any Eurocurrency Loan or any ABR Loan or with respect to the commitment fees payable hereunder, as the case may be, the applicable rate per annum set forth below under the caption "Eurocurrency Spread", "ABR Spread" or "Commitment Fee Rate", as the case may be, based upon the Total Leverage Ratio applicable on such date:

	Total Leverage Ratio:	Eurocurrency Spread	ABR Spread	Commitment Fee Rate
Category 1:	< 1.25 to 1.00	1.25%	0.25%	0.25%
Category 2:	³ 1.25 to 1.00 but < 2.00 to 1.00	1.50%	0.50%	0.30%
Category 3:	³ 2.00 to 1.00 but < 2.75 to 1.00	1.75%	0.75%	0.35%
Category 4:	³ 2.75 to 1.00 but < 3.50 to 1.00	2.00%	1.00%	0.40%
Category 5:	³ 3.50 to 1.00	2.25%	1.25%	0.45%

For purposes of the foregoing,

(i) if at any time Holdings fails to deliver the Financials on or before the date the Financials are due pursuant to Section 5.01, Category 5 shall be deemed applicable for the period commencing three (3) Business Days after the required date of delivery and ending on the date which is three (3) Business Days after the Financials are actually delivered, after which the Category shall be determined in accordance with the table above as applicable;

(ii) adjustments, if any, to the Category then in effect shall be effective three (3) Business Days after the Administrative Agent has received the applicable Financials (it being understood and agreed that each change in Category shall apply during the period commencing on the effective date of such change and ending on the date immediately preceding the effective date of the next such change); and

(iii) notwithstanding the foregoing, Category 3 shall be deemed to be applicable until the Administrative Agent's receipt of the applicable Financials for Holdings' first fiscal quarter ending after the Effective Date (unless such Financials demonstrate that Category 4 or 5 should have been applicable during such period, in which case such other Category shall be deemed to be applicable during such period) and adjustments to the Category then in effect shall thereafter be effected in accordance with the preceding paragraphs.

"Approved Fund" has the meaning assigned to such term in Section 9.04.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.04), and accepted by the Administrative Agent, in the form of Exhibit A or any other form approved by the Administrative Agent and the Borrower.

"Attributable Receivables Indebtedness" at any time shall mean the principal amount of Indebtedness which (i) if a Permitted Receivables Facility is structured as a lending agreement or other similar agreement, constitutes the principal amount of such Indebtedness or (ii) if a Permitted Receivables Facility is structured as a purchase agreement or other similar agreement, would be outstanding at such time under the Permitted Receivables Facility if the same were structured as a lending agreement rather than a purchase agreement or such other similar agreement.

"Augmenting Lender" has the meaning assigned to such term in Section 2.20.

"Availability Period" means the period from and including the Effective Date to but excluding the earlier of the Maturity Date and the date of termination of the Commitments.

"Available Revolving Commitment" means, at any time with respect to any Lender, the Commitments of such Lender then in effect minus the Revolving Credit Exposure of such Lender at such time; it being understood and agreed that any Lender's Swingline Exposure shall not be deemed to be a component of the Revolving Credit Exposure for purposes of calculating the commitment fee under Section 2.12(a).

"Banking Services" means each and any of the following bank services provided to Holdings, the Borrower or any Restricted Subsidiary by any Lender or any of its Affiliates: (a) credit cards for commercial customers (including, without limitation, commercial credit cards and purchasing cards), (b) stored value cards and (c) treasury management services (including, without limitation, foreign exchange services, controlled disbursement, automated clearinghouse transactions, return items, overdrafts and interstate depository network services).

"Banking Services Agreement" means any agreement entered into by Holdings, the Borrower or any Restricted Subsidiary in connection with Banking Services.

"Banking Services Obligations" means any and all obligations of Holdings, the Borrower or any Restricted Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor) in connection with Banking Services.

"Bankruptcy Event" means, with respect to any Person, such Person becomes the subject of a bankruptcy or insolvency proceeding, or has had a receiver, conservator, trustee, administrator, custodian, assignee for the benefit of creditors or similar Person charged with the reorganization or liquidation of its business appointed for it, or, in the good faith determination of the Administrative Agent, has taken any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any such proceeding or appointment, provided that a Bankruptcy Event shall not result solely by virtue of any ownership interest, or the acquisition of any ownership interest, in such Person by a Governmental Authority or instrumentality thereof, provided, further, that such ownership interest does not result in or provide such Person with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Person (or such Governmental Authority or instrumentality) to reject, repudiate, disavow or disaffirm any contracts or agreements made by such Person.

"Board" means the Board of Governors of the Federal Reserve System of the United States of America.

"Borrower" means Semiconductor Components Industries, LLC, a Delaware limited liability company.

"Borrowing" means (a) Revolving Loans of the same Type and Tranche, made, converted or continued on the same date and, in the case of Eurocurrency Loans, as to which a single Interest Period is in effect or (b) a Swingline Loan.

"Borrowing Request" means a request by the Borrower for a Revolving Borrowing in accordance with Section 2.03 in the form attached hereto as Exhibit I, which may be delivered by electronic means in accordance with Section 9.01.

"Business Day" means any day that is not a Saturday, Sunday or other day on which commercial banks in New York City are authorized or required by law to remain closed; provided that, when used in connection with a Eurocurrency Loan or Borrowing, the term "Business Day" shall also exclude any day on which banks are not open for dealings in the relevant Agreed Currency in the London interbank market or the principal financial center of such Agreed Currency (and, if the Borrowings or LC Disbursements which are the subject of a borrowing, drawing, payment, reimbursement or rate selection are denominated in euro, the term "Business Day" shall also exclude any day on which the TARGET2 payment system is not open for the settlement of payments in euro).

"CAM" means the mechanism for the allocation and exchange of interests in the Designated Obligations and collections thereunder established under Article X.

"CAM Exchange" means the exchange of the Lenders' interests provided for in Article XI.

"CAM Exchange Date" means the first date on which there shall occur (a) any event referred to in Section 7.01(h) or (i) with respect to the Borrower or (b) an acceleration of Loans pursuant to Section 7.01.

"CAM Percentage" means, as to each Lender, a fraction, expressed as a decimal, of which (a) the numerator shall be the aggregate Dollar Amount (determined on the basis of Exchange Rates prevailing on the CAM Exchange Date) of the Designated Obligations owed to such Lender (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date and (b) the denominator shall be the Dollar Amount (as so determined) of the Designated Obligations owed to all the Lenders (whether or not at the time due and payable) on the date immediately prior to the CAM Exchange Date.

"Capital Lease Obligations" of any Person means the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital lease obligations on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"Change in Control" means (a) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person other than Holdings of any Equity Interest in the Borrower; (b) the acquisition of ownership, directly or indirectly, beneficially or of record, by any Person or group (within the meaning of the Securities Exchange Act of 1934 and the rules of the SEC thereunder as in effect on the Effective Date), of Equity Interests representing more than 35% of the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of Holdings; or (c) occupation of a majority of the seats (other than vacant seats) on the board of directors of Holdings by Persons who were neither (i) nominated by the board of directors of Holdings nor (ii) appointed or approved by directors so nominated.

"Change in Law" means the occurrence, after the date of this Agreement (or with respect to any Lender, if later, the date on which such Lender becomes a Lender), of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority, or (c) the making or issuance of any request, rules, guideline, requirement or directive (whether or not having the force of law) by any Governmental Authority; provided however, that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines, requirements and directives thereunder, issued in connection therewith or in implementation thereof, and (ii) all requests, rules, guidelines, requirements and directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law" regardless of the date enacted, adopted, issued or implemented.

"China JV" means Leshan Phoenix Semiconductor Co., Ltd., an entity existing under the laws of The People's Republic of China.

"Class", when used in reference to (a) any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Dollar Tranche Revolving Loans, Multicurrency Tranche Revolving Loans or Swingline Loans, (b) any Commitment, refers to whether such Commitment is a Dollar Tranche Commitment or a Multicurrency Tranche Commitment and (c) any Lender, refers to whether such Lender is a Multicurrency Tranche Lender or a Dollar Tranche Lender.

"Code" means the Internal Revenue Code of 1986.

"Co-Documentation Agents" means each of Morgan Stanley MUFG Loan Partners, LLC, Barclays Bank PLC and Fifth Third Bank, in its capacity as co-documentation agent for the credit facility evidenced by this Agreement.

"COF Rate" has the meaning assigned to such term in Section 2.14(a).

"Commitments" means, with respect to each Lender, the sum of such Lender's Dollar Tranche Commitment and Multicurrency Tranche Commitment. The initial amounts of each Lender's Commitments are set forth on Schedule 2.01, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Commitments, as applicable.

"Commodity Exchange Act" means the Commodity Exchange Act (7 U.S.C. § 1 et seq.), as amended from time to time, and any successor statute.

"Communications" has the meaning assigned to such term in Section 9.01(d).

"Computation Date" is defined in Section 2.04.

"Connection Income Taxes" means Other Connection Taxes that are imposed on or measured by net income (however denominated) or that are franchise Taxes.

"Consolidated EBITDA" means, with reference to any period of four (4) consecutive fiscal quarters, Consolidated Net Income for such period plus

(a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of:

(i) Consolidated Interest Expense for such period,

(ii) consolidated income tax expense for such period,

(iii) all amounts attributable to depreciation and amortization for such period,

(iv) all extraordinary charges during such period,

(v) noncash expenses during such period resulting from the grant of stock options and restricted stock, restricted stock units or other awards to management, directors, consultants or employees of Holdings, the Borrower or any of the Restricted Subsidiaries,

(vi) any non-recurring fees, expenses or premiums related to the redemption, repayment or repurchase of any securities of Holdings or the Borrower,

(vii) cash restructuring expenses to the extent expensed (A) during the period beginning on or about July 1, 2013 and continuing through on or about September 30, 2013, in an aggregate amount not to exceed $15,000,000, (B) during the period beginning on or about October 1, 2013 and continuing through the fourth fiscal quarter of the Borrower in 2014, in an aggregate amount not to exceed $75,000,000, (C) thereafter, during the period beginning with the first fiscal quarter of the Borrower in 2015, in an aggregate amount not to exceed $50,000,000 during the remaining term of this Agreement, (D) in connection with Permitted Acquisitions, including all non-recurring restructuring costs, facilities relocation costs, acquisition integration costs and fees, including cash severance payments, so long as (x) such expenses are incurred during the twenty four (24) month period immediately following the date of such Permitted Acquisition and (y) the aggregate amount of such expenses does not exceed 10% of Consolidated EBITDA for such period (calculated without giving effect to this clause (D)) and (E) non-recurring fees and expenses paid in connection with such Permitted Acquisition, all to the extent incurred within six (6) months of the completion of such Permitted Acquisition (it being understood and agreed that (1) the calculation of Consolidated EBITDA for the fiscal quarter ending on or about September 30, 2013 shall include the Historical Three Quarter Amount, (2) the calculation of Consolidated EBITDA for the fiscal quarter ending on or about December 31, 2013 shall include the Historical Two Quarter Amount and (3) the calculation of Consolidated EBITDA for the fiscal quarter ending on or about March 31, 2014 shall include the Historical One Quarter Amount, and the Historical Cash Restructuring Charges will not count against either the $15,000,000 basket referred to in clause (A) above or the $75,000,000 basket referred to in clause (B) above),

(viii) all other noncash expenses or losses of Holdings, the Borrower or any of the Restricted Subsidiaries for such period (excluding any such expense or loss that constitutes an accrual of or a reserve for cash payments to be made in any future period),

(ix) any non-recurring fees, expenses or charges recognized by Holdings, the Borrower or any of the Restricted Subsidiaries for such period related to any offering of capital stock, incurrence of Indebtedness or Permitted Acquisition, and minus

(b) without duplication and to the extent included in determining such Consolidated Net Income, the sum of:

(i) any extraordinary gains for such period,

(ii) all noncash items increasing Consolidated Net Income for such period (excluding any items that represent the reversal of any accrual of, or cash reserve for, anticipated cash charges in any prior period) and

(iii) all gains during such period attributable to any sale or disposition of assets (other than in the ordinary course of business),

all determined on a consolidated basis in accordance with GAAP. For the purposes of calculating Consolidated EBITDA for any period of four consecutive fiscal quarters (each such period, a "Reference Period"), (i) if at any time during such Reference Period Holdings, the Borrower or any Restricted Subsidiary shall have made any Material Disposition or converted any Restricted Subsidiary to an Unrestricted Subsidiary, the Consolidated EBITDA for such Reference Period shall be reduced by an amount equal to the Consolidated EBITDA (if positive) attributable to the property that is the subject of such Material Disposition for such Reference Period or increased by an amount equal to the Consolidated EBITDA (if negative) attributable thereto for such Reference Period, and (ii) if during such Reference Period Holdings, the Borrower or any Restricted Subsidiary shall have made a Material Acquisition or converted any Unrestricted Subsidiary into a Restricted Subsidiary, Consolidated EBITDA for such Reference Period shall be calculated after giving effect thereto on a pro forma basis as if such Material Acquisition occurred on the first day of such Reference Period. As used in this definition, "Material Acquisition" means any acquisition of property or series of related acquisitions of property (other than transactions among Holdings, the Borrower or any Subsidiary and the Borrower or any other Subsidiary, including in connection with a Permitted Restructuring) that (a) constitutes (i) assets comprising all or substantially all or any significant portion of a business or operating unit of a business, or (ii) all or substantially all of the common stock or other Equity Interests of a Person, and (b) involves the payment of consideration by Holdings, the Borrower and the Restricted Subsidiaries in excess of $25,000,000; and "Material Disposition" means any sale, transfer or disposition of property or series of related sales, transfers, or dispositions of property (other than transactions among Holdings, the Borrower or any Subsidiary and the Borrower or any other Subsidiary, including in connection with a Permitted Restructuring) that yields gross proceeds to Holdings, the Borrower or any of the Restricted Subsidiaries in excess of $25,000,000.

"Consolidated Interest Expense" means, with reference to any period, the interest expense (including without limitation interest expense under Capital Lease Obligations that is treated as interest in accordance with GAAP) of Holdings, the Borrower and the Restricted Subsidiaries calculated on a consolidated basis for such period with respect to all outstanding Indebtedness of Holdings, the Borrower and the Restricted Subsidiaries allocable to such period in accordance with GAAP (including, without limitation, net costs under interest rate Swap Agreements to the extent such net costs are allocable to such period in accordance with GAAP). In the event that Holdings, the Borrower or any Restricted Subsidiary shall have completed a Material Acquisition or a Material Disposition since the beginning of the relevant period, Consolidated Interest Expense shall be determined for such period on a pro forma basis as if such acquisition or disposition, and any related incurrence or repayment of Indebtedness, had occurred at the beginning of such period.

"Consolidated Net Income" means, with reference to any period, the net income or loss of Holdings, the Borrower and the Restricted Subsidiaries for such period determined on a consolidated basis in accordance with GAAP, provided that there shall be excluded from such net income or loss (a) the income of any Person (other than a consolidated Restricted Subsidiary) in which any other Person (other than Holdings, the Borrower or any consolidated Restricted Subsidiary or any director holding qualifying shares in compliance with applicable law) owns an Equity Interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or any of the consolidated Restricted Subsidiaries by such Person during such period, and (b) the income or loss of any Person accrued prior to the date on which it becomes a Restricted Subsidiary or is merged into or consolidated with the Borrower or any consolidated Restricted Subsidiary or the date on which such Person's assets are acquired by the Borrower or any consolidated Restricted Subsidiary.

"Consolidated Net Worth" means, as of the date of any determination thereof, the consolidated stockholders' equity of Holdings, the Borrower and the Restricted Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Senior Indebtedness" means, as of the date of any determination thereof, Consolidated Total Indebtedness minus Subordinated Indebtedness of Holdings, the Borrower and the Restricted Subsidiaries on such date.

"Consolidated Total Assets" means, as of the date of any determination thereof, total assets of Holdings, the Borrower and the Restricted Subsidiaries calculated in accordance with GAAP on a consolidated basis as of such date.

"Consolidated Total Indebtedness" means, as of the date of any determination thereof, without duplication, the sum of (a) the aggregate Indebtedness of Holdings, the Borrower and the Restricted Subsidiaries calculated on a consolidated basis as of such time in accordance with GAAP, (b) Indebtedness of the type referred to in clause (a) hereof of another Person guaranteed by Holdings, the Borrower or any of the Restricted Subsidiaries and (c) the aggregate outstanding principal amount of Permitted Convertible Notes at such time.

"Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The terms "Controlling" and "Controlled" have meanings correlative thereto.

"Co-Syndication Agents" means each of Bank of America, N.A., The Royal Bank of Scotland plc and Sumitomo Mitsui Banking Corporation, in its capacity as co-syndication agent for the credit facility evidenced by this Agreement.

"Credit Event" means a Borrowing, the issuance, amendment, renewal or extension of a Letter of Credit, an LC Disbursement or any of the foregoing.

"Credit Party" means the Administrative Agent, the Issuing Bank, the Swingline Lender or any other Lender.

"Default" means any event or condition that constitutes an Event of Default or that upon notice, lapse of time or both would, unless cured or waived, become an Event of Default.

"Defaulting Lender" means any Lender that (a) has failed, within two (2) Business Days of the date required to be funded or paid, to (i) fund any portion of its Loans, (ii) fund any portion of its participations in Letters of Credit or Swingline Loans or (iii) pay over to any Credit Party any other amount required to be paid by it hereunder, unless, in the case of clause (i) above, such Lender notifies the Administrative Agent in writing that such failure is the result of such Lender's good faith determination that a condition precedent to funding (specifically identified and including the particular default, if any) has not been satisfied, (b) has notified Holdings or any Credit Party in writing, or has made a public statement to the effect, that it does not intend or expect to comply with any of its funding obligations under this Agreement (unless such writing or public statement indicates that such position is based on such Lender's good faith determination that a condition precedent (specifically identified and including the particular default, if any) to funding a loan under this Agreement cannot be satisfied) or generally under other agreements in which it commits to extend credit, (c) has failed, within three (3) Business Days after written request by a Credit Party, acting in good faith, to provide a certification in writing from an authorized officer of such Lender that it will comply with its obligations to fund prospective Loans and participations in then outstanding Letters of Credit and Swingline Loans under this Agreement, provided that such Lender shall cease to be a Defaulting Lender pursuant to this clause (c) upon such Credit Party's receipt of such certification in form and substance reasonably satisfactory to it and the Administrative Agent, or (d) has become the subject of a Bankruptcy Event; provided that a Lender shall not be a Defaulting Lender solely by virtue of the ownership or acquisition of any equity interest in that Lender or any direct or indirect parent company thereof by a Governmental Authority so long as such ownership interest does not result in or provide such Lender with immunity from the jurisdiction of courts within the United States or from the enforcement of judgments or writs of attachment on its assets or permit such Lender (or such Governmental Authority) to reject, repudiate, disavow or disaffirm any contracts or agreements made with such Lender.

"Departing Lender" means each lender under the Existing Credit Agreement that executes and delivers to the Administrative Agent a Departing Lender Signature Page.

"Departing Lender Signature Page" means each signature page to this Agreement on which it is indicated that the Departing Lender executing the same shall cease to be a party to the Existing Credit Agreement on the Effective Date.

"Designated IP Subsidiary" initially means ON Management C.V. and, thereafter, any Restricted Subsidiary which is a successor in interest to ON Management C.V. or another Designated IP Subsidiary with respect to the rights owned by ON Management C.V. on the Effective Date, to exploit intellectual property in foreign jurisdictions and such other intellectual property exploitation rights in foreign jurisdictions acquired by ON Management C.V. or such other Designated IP Subsidiary after the Effective Date, in each case, (i) to the extent such exploitation rights are material to the business of Holdings, the Borrower and the Restricted Subsidiaries taken as a whole and (ii) for so long as such Restricted Subsidiary owns such rights.

"Designated Obligations" means all obligations of the Borrower with respect to (a) principal of and interest on the Revolving Loans, (b) participations in Swingline Loans funded by the Lenders, (c) unreimbursed LC Disbursements and interest thereon and (d) all commitment fees and Letter of Credit participation fees.

"Disclosed Matters" means the actions, suits and proceedings and the environmental matters disclosed in Schedule 3.06 to the Disclosure Letter.

"Disclosure Documents" has the meaning assigned to such term in Section 3.04(b).

"Disclosure Letter" means the disclosure letter, dated as of the date hereof, delivered by the Borrower to the Administrative Agent for the benefit of the Lenders.

"Dollar Amount" of any currency at any date shall mean (i) the amount of such currency if such currency is Dollars or (ii) the equivalent amount thereof in Dollars if such currency is a Foreign Currency, calculated on the basis of the Exchange Rate for such currency, on or as of the most recent Computation Date provided for in Section 2.04.

"Dollar Tranche Commitment" means, with respect to each Lender, the commitment of such Lender to make Dollar Tranche Revolving Loans and to acquire participations in Dollar Tranche Letters of Credit hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Dollar Tranche Revolving Credit Exposure hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Dollar Tranche Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Dollar Tranche Commitment, as applicable. The aggregate principal amount of the Dollar Tranche Commitments on the Effective Date is $15,000,000.

"Dollar Tranche LC Exposure" means, at any time, the sum of (a) the aggregate undrawn amount of all outstanding Dollar Tranche Letters of Credit at such time plus (b) the aggregate amount of all LC Disbursements in respect of Dollar Tranche Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The Dollar Tranche LC Exposure of any Dollar Tranche Lender at any time shall be its Dollar Tranche Percentage of the total Dollar Tranche LC Exposure at such time.

"Dollar Tranche Lender" means a Lender with a Dollar Tranche Commitment or holding Dollar Tranche Revolving Loans.

"Dollar Tranche Letter of Credit" means any letter of credit issued under the Dollar Tranche Commitments pursuant to this Agreement.

"Dollar Tranche Percentage" means, with respect to any Lender, the percentage of the aggregate Dollar Tranche Commitments represented by such Lender's Dollar Tranche Commitment; provided that, in the case of Section 2.22 when a Defaulting Lender shall exist, "Dollar Tranche Percentage" shall mean the percentage of the aggregate Dollar Tranche Commitments (disregarding any Defaulting Lender's Dollar Tranche Commitment) represented by such Lender's Dollar Tranche Commitment. If the Dollar Tranche Commitments have terminated or expired, the Dollar Tranche Percentages shall be determined based upon the Dollar Tranche Commitments most recently in effect, giving effect to any assignments and to any Dollar Tranche Lender's status as a Defaulting Lender at the time of determination.

"Dollar Tranche Revolving Borrowing" means a Borrowing comprised of Dollar Tranche Revolving Loans.

"Dollar Tranche Revolving Credit Exposure" means, with respect to any Dollar Tranche Lender at any time, and without duplication, the sum of the outstanding principal amount of such Dollar Tranche Lender's Dollar Tranche Revolving Loans and its Dollar Tranche LC Exposure at such time.

"Dollar Tranche Revolving Loan" means a Loan made by a Dollar Tranche Lender pursuant to Section 2.01(a). Each Dollar Tranche Revolving Loan shall be a Eurocurrency Revolving Loan denominated in Dollars or an ABR Revolving Loan denominated in Dollars.

"Dollars" or "$" refers to lawful money of the United States of America.

"Domestic Subsidiary" means a Subsidiary organized under the laws of a jurisdiction located in the United States of America (other than a Subsidiary owned, directly or indirectly, by a Foreign Subsidiary).

"ECP" means an "eligible contract participant" as defined in Section 1(a)(18) of the Commodity Exchange Act or any regulations promulgated thereunder and the applicable rules issued by the Commodity Futures Trading Commission and/or the SEC.

"Effective Date" means the date on which the conditions specified in Section 4.01 are satisfied (or waived in accordance with Section 9.02).

"Electronic Signature" means an electronic sound, symbol, or process attached to, or associated with, a contract or other record and adopted by a Person with the intent to sign, authenticate or accept such contract or record.

"Electronic System" means any electronic system, including e-mail, e-fax, Intralinks®, ClearPar® and any other Internet or extranet-based site, whether such electronic system is owned, operated or hosted by the Administrative Agent or the Issuing Bank or any of its respective Related Parties or any other Person, providing for access to data protected by passcodes or other security system.

"Environmental Laws" means all laws, rules, regulations, codes, ordinances, orders, decrees, judgments, injunctions, notices or binding agreements issued, promulgated or entered into by or with any Governmental Authority, relating in any way to the environment, preservation or restoration of natural resources, the management, Release or threatened Release of any Hazardous Material or to health and safety matters.

"Environmental Liability" means any liability, contingent or otherwise (including any liability for damages, costs of environmental remediation, administrative oversight costs, fines, penalties or indemnities), of Holdings, the Borrower or any Restricted Subsidiary directly or indirectly resulting from or based upon (a) violation of any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release or threatened Release of any Hazardous Materials into the environment or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"Equity Interests" means shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity ownership interests in a Person, and any warrants, options or other rights entitling the holder thereof to purchase or acquire any of the foregoing.

"Equivalent Amount" of any currency with respect to any amount of Dollars at any date shall mean the equivalent in such currency of such amount of Dollars, calculated on the basis of the Exchange Rate for such other currency at 11:00 a.m., London time, on the date on or as of which such amount is to be determined.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate" means any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code or, solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414 of the Code.

"ERISA Event" means (a) any Reportable Event; (b) the failure to satisfy the "minimum funding standard" (as defined in Section 412 of the Code or Section 302 of ERISA), whether or not waived; (c) the filing pursuant to Section 412(c) of the Code or Section 302(c) of ERISA of an application for a waiver of the minimum funding standard with respect to any Plan; (d) the incurrence by the Borrower or any of its ERISA Affiliates of any liability under Title IV of ERISA with respect to the termination of any Plan; (e) the receipt by the Borrower or any ERISA Affiliate from the PBGC or a plan administrator of any notice relating to an intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan under Section 4042 of ERISA; (f) the incurrence by the Borrower or any of its ERISA Affiliates of any liability with respect to the withdrawal or partial withdrawal from any Plan or Multiemployer Plan; or (g) the receipt by the Borrower or any ERISA Affiliate of any notice, or the receipt by any Multiemployer Plan from the Borrower or any ERISA Affiliate of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA.

"euro" and/or "EUR" means the single currency of the Participating Member States.

"Eurocurrency", when used in reference to a currency means an Agreed Currency and when used in reference to any Loan or Borrowing, means that such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

"Eurocurrency Payment Office" of the Administrative Agent shall mean, for each Foreign Currency, the office, branch, affiliate or correspondent bank of the Administrative Agent for such currency as specified from time to time by the Administrative Agent to the Borrower and each Lender.

"Event of Default" has the meaning assigned to such term in Section 7.01.

"Exchange Rate" means, on any day, with respect to any Foreign Currency, the rate at which such Foreign Currency may be exchanged into Dollars, as set forth at approximately 11:00 a.m., Local Time, on such date on the Reuters World Currency Page for such Foreign Currency. In the event that such rate does not appear on any Reuters World Currency Page, the Exchange Rate with respect to such Foreign Currency shall be determined by reference to such other publicly available service for displaying exchange rates as may be reasonably selected by the Administrative Agent or, in the event no such service is selected, such Exchange Rate shall instead be calculated on the basis of the arithmetical mean of the buy and sell spot rates of exchange of the Administrative Agent for such Foreign Currency on the London market at 11:00 a.m., Local Time, on such date for the purchase of Dollars with such Foreign Currency, for delivery two Business Days later; provided, that if at the time of any such determination, for any reason, no such spot rate is being quoted, the Administrative Agent, after consultation with the Borrower, may use any reasonable method it deems appropriate to determine such rate, and such determination shall be conclusive absent manifest error.

"Excluded Swap Obligation" means, with respect to any Loan Party, any Specified Swap Obligation if, and to the extent that, all or a portion of the Guarantee of such Loan Party of, or the grant by such Loan Party of a security interest to secure, such Specified Swap Obligation (or any Guarantee thereof) is or becomes illegal under the Commodity Exchange Act or any rule, regulation or order of the Commodity Futures Trading Commission (or the application or official interpretation of any thereof) by virtue of such Loan Party's failure for any reason to constitute an ECP at the time the Guarantee of such Loan Party or the grant of such security interest becomes effective with respect to such Specified Swap Obligation. If a Specified Swap Obligation arises under a master agreement governing more than one swap, such exclusion shall apply only to the portion of such Specified Swap Obligation that is attributable to swaps for which such Guarantee or security interest is or becomes illegal.

"Excluded Taxes" means, with respect to any payment made by any Loan Party under any Loan Document, any of the following Taxes imposed on or with respect to a Recipient:

(a) income or franchise taxes (however denominated) imposed on (or measured by) net income or in lieu of net income taxes by the United States of America (or any political subdivision thereof), or by the jurisdiction under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located or that are Other Connection Taxes;

(b) any branch profits Taxes imposed by the United States of America or any similar Taxes imposed by any other jurisdiction in which the Borrower is located;

(c) in the case of a Non U.S. Lender (other than an assignee pursuant to a request by the Borrower under Section 2.19(b)), any U.S. Federal withholding Taxes resulting from any law in effect on the date such Non U.S. Lender becomes a party to this Agreement (or designates a new lending office), except to the extent that such Non U.S. Lender (or its assignor, if any) was entitled, at the time of designation of a new lending office (or assignment), to receive additional amounts from the Borrower with respect to such withholding Taxes pursuant to Section 2.17(a);

(d) any withholding tax imposed by the United States (or any political subdivision thereof) by reason of a Lender or its assignee's failure to comply with Section 2.17(f); and

(e) any U.S. Federal withholding Taxes imposed under FATCA.

"Existing Credit Agreement" is defined in the recitals hereof.

"Existing Letters of Credit" is defined in Section 2.06(a).

"Existing Loans" is defined in Section 2.01.

"FATCA" means Sections 1471 through 1474 of the Code, as of the date of this Agreement (or any amended or successor version that is substantively comparable and not materially more onerous to comply with), any current or future regulations or official interpretations thereof and any agreement entered into pursuant to Section 1471(b)(1) of the Code.

"Federal Funds Effective Rate" means, for any day, the weighted average (rounded upwards, if necessary, to the next 1/100 of 1%) of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average (rounded upwards, if necessary, to the next 1/100 of 1%) of the quotations for such day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"Financial Officer" means a chief financial officer, principal accounting officer, treasurer, corporate controller, finance vice president, or such other officers as may be agreed among Holdings, the Borrower and the Administrative Agent from time to time.

"Financials" means the annual or quarterly financial statements, and accompanying certificates and other documents, of Holdings, the Borrower and the Subsidiaries required to be delivered pursuant to Section 5.01(a) or 5.01(b).

"First Tier Foreign Subsidiary" means each Foreign Subsidiary with respect to which any one or more of Holdings, the Borrower and the Domestic Subsidiaries directly owns more than 50% of such Foreign Subsidiary's issued and outstanding Equity Interests.

"Foreign Currencies" means Agreed Currencies other than Dollars.

"Foreign Currency LC Exposure" means, at any time, the sum of (a) the Dollar Amount of the aggregate undrawn and unexpired amount of all outstanding Foreign Currency Letters of Credit at such time plus (b) the aggregate principal Dollar Amount of all LC Disbursements in respect of Foreign Currency Letters of Credit that have not yet been reimbursed at such time.

"Foreign Currency Letter of Credit" means a Multicurrency Tranche Letter of Credit denominated in a Foreign Currency.

"Foreign Currency Sublimit" means $75,000,000.

"Foreign Holding Companies" means SCG (Malaysia SMP) Holding Corporation, SCG (Czech) Holding Corporation and SCG (China) Holding Corporation, each a Delaware corporation and such other companies and joint ventures in respect of foreign operations as are created, entered into or acquired after the Effective Date and not in violation of this Agreement.

"Foreign Subsidiary" means any Subsidiary which is not a Domestic Subsidiary.

"GAAP" means generally accepted accounting principles in the United States of America.

"Governmental Authority" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Guarantee" of or by any Person (the "guarantor") means any obligation, contingent or otherwise, of the guarantor guaranteeing or having the economic effect of guaranteeing any Indebtedness of any other Person (the "primary obligor") in any manner, whether directly or indirectly, and including any obligation of the guarantor, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or to purchase (or to advance or supply funds for the purchase of) any security for the payment thereof, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness of the payment thereof, or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness, provided that the term "Guarantee" shall not include endorsements for collection or deposit in the ordinary course of business.

"Hazardous Materials" means all explosive or radioactive substances or wastes and all hazardous or toxic substances, wastes or other pollutants, including petroleum or petroleum distillates, asbestos or asbestos containing materials, polychlorinated biphenyls, radon gas, infectious or medical wastes, and all substances or wastes of any nature regulated pursuant to any Environmental Law.

"Historical Cash Restructuring Charges" means, collectively, the Historical Three Quarter Amount, the Historical Two Quarter Amount and the Historical One Quarter Amount.

"Historical One Quarter Amount" means $8,400,000, which is the amount of cash restructuring expenses included in the Borrower's calculations of Consolidated EBITDA for the Borrower's fiscal quarter ended on or about June 30, 2013 under and in accordance with the terms of the Existing Credit Agreement.

"Historical Three Quarter Amount" means $45,100,000, which is the amount of cash restructuring expenses included in the Borrower's calculations of Consolidated EBITDA for the Borrower's fiscal quarters ended on or about June 30, 2013, March 31, 2013 and December 31, 2012 under and in accordance with the terms of the Existing Credit Agreement.

"Historical Two Quarter Amount" means $38,000,000, which is the amount of cash restructuring expenses included in the Borrower's calculations of Consolidated EBITDA for the Borrower's fiscal quarters ended on or about June 30, 2013 and March 31, 2013 under and in accordance with the terms of the Existing Credit Agreement.

"Holdings" means ON Semiconductor Corporation, a Delaware corporation.

"Impacted Interest Period" has the meaning assigned to such term in the definition of "LIBO Rate".

"Increasing Lender" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan" has the meaning assigned to such term in Section 2.20.

"Incremental Term Loan Amendment" has the meaning assigned to such term in Section 2.20.

"Indebtedness" of any Person means, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property acquired by such Person, (e) all obligations of such Person in respect of the deferred purchase price of property or services (excluding (i) accounts payable incurred in the ordinary course of business and deferred compensation payable to directors, officers or employees of Holdings, the Borrower or any Subsidiary and (ii) unless the same are reflected as indebtedness or liabilities on the balance sheet of such Person, obligations which are being contested in good faith by appropriate proceedings and for which adequate reserves have been set aside in accordance with GAAP), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the Indebtedness secured thereby has been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit and letters of guaranty, (j) all obligations, contingent or otherwise, of such Person in respect of bankers' acceptances and (k) all Attributable Receivables Indebtedness of such Person. The Indebtedness of any Person shall include the Indebtedness of any other entity (including any partnership in which such Person is a general partner) to the extent such Person is liable therefor as a result of such Person's ownership interest in or other relationship with such entity, except to the extent the terms of such Indebtedness provide that such Person is not liable therefor. Notwithstanding anything to the contrary in this paragraph, the term "Indebtedness" shall not include (a) obligations under Swap Agreements, (b) agreements providing for indemnification, purchase price adjustments, earn-outs or similar obligations incurred or assumed in connection with the acquisition or disposition of assets or stock or (c) obligations pursuant to Permitted Call Spread Swap Agreements or Permitted Convertible Notes.

"Indemnified Taxes" means (a) Taxes, other than Excluded Taxes, imposed on or with respect to any payment made by any Loan Party under any Loan Document and (b) Other Taxes.

"Ineligible Institution" has the meaning assigned to such term in Section 9.04(b).

"Information Memorandum" means the Confidential Information Memorandum dated September 2013 relating to Holdings, the Borrower and the Transactions.

"Interest Coverage Ratio" has the meaning assigned to such term in Section 6.12(b).

"Interest Election Request" means a request by the Borrower to convert or continue a Revolving Borrowing in accordance with Section 2.08 in the form attached hereto as Exhibit J, which may be delivered by electronic means in accordance with Section 9.01.

"Interest Payment Date" means (a) with respect to any ABR Loan (other than a Swingline Loan), the last day of each March, June, September and December and the Maturity Date, (b) with respect to any Eurocurrency Loan, the last day of the Interest Period applicable to the Borrowing of which such Loan is a part and, in the case of a Eurocurrency Borrowing with an Interest Period of more than three months' duration, each day prior to the last day of such Interest Period that occurs at intervals of three months' duration after the first day of such Interest Period and the Maturity Date and (c) with respect to any Swingline Loan, the day that such Loan is required to be repaid and the Maturity Date.

"Interest Period" means with respect to any Eurocurrency Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day in the calendar month that is one, two, three or six months thereafter, as the Borrower may elect; provided, that (i) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, in the case of a Eurocurrency Borrowing only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day and (ii) any Interest Period pertaining to a Eurocurrency Borrowing that commences on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the last calendar month of such Interest Period) shall end on the last Business Day of the last calendar month of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"Interpolated Rate" means, at any time, the rate per annum determined by the Administrative Agent (which determination shall be conclusive and binding absent manifest error) to be equal to the rate that results from interpolating on a linear basis between: (a) the LIBOR Screen Rate for the longest period (for which the LIBOR Screen Rate is available for the applicable currency) that is shorter than the Impacted Interest Period and (b) the LIBOR Screen Rate for the shortest period (for which the LIBOR Screen Rate is available for the applicable currency) that exceeds the Impacted Interest Period, in each case, at such time.

"IRS" means the United States Internal Revenue Service.

"Issuing Bank" means JPMorgan Chase Bank, N.A., in its capacity as the issuer of Letters of Credit hereunder, and its successors in such capacity as provided in Section 2.06(i). The Issuing Bank may, in its discretion, arrange for one or more Letters of Credit to be issued by Affiliates of the Issuing Bank, in which case the term "Issuing Bank" shall include any such Affiliate with respect to Letters of Credit issued by such Affiliate.

"Japanese Yen" means the lawful currency of Japan.

"LC Collateral Account" has the meaning assigned to such term in Section 2.06(j).

"LC Disbursement" means a payment made by the Issuing Bank pursuant to a Letter of Credit.

"LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements that have not yet been reimbursed by or on behalf of the Borrower at such time. The LC Exposure of any Multicurrency Tranche Lender at any time shall be its Multicurrency Tranche Percentage of the total Multicurrency Tranche LC Exposures at such time and the LC Exposure of any Dollar Tranche Lender at any time shall be its Dollar Tranche Percentage of the total Dollar Tranche LC Exposures at such time.

"Lender Parent" means, with respect to any Lender, any Person as to which such Lender is, directly or indirectly, a subsidiary.

"Lenders" means the Persons listed on Schedule 2.01 and any other Person that shall have become a Lender hereunder pursuant to Section 2.20 or pursuant to an Assignment and Assumption, other than any such Person that ceases to be a party hereto pursuant to an Assignment and Assumption. Unless the context otherwise requires, the term "Lenders" includes the Swingline Lender and the Issuing Bank. For the avoidance of doubt, the term "Lenders" excludes the Departing Lenders.

"Letter of Credit" means any Multicurrency Tranche Letter of Credit or Dollar Tranche Letter of Credit.

"LIBO Rate" means, with respect to any Eurocurrency Borrowing denominated in any Agreed Currency and for any applicable Interest Period, the London interbank offered rate administered by the British Bankers Association (or any other Person that takes over the administration of such rate) for such Agreed Currency for a period equal in length to such Interest Period as displayed on pages LIBOR01 or LIBOR02 of the Reuters screen or, in the event such rate does not appear on either of such Reuters pages, on any successor or substitute page on such screen that displays such rate, or on the appropriate page of such other information service that publishes such rate as shall be selected by the Administrative Agent from time to time in its reasonable discretion (in each case the "LIBOR Screen Rate") at approximately 11:00 a.m., London time, on the Quotation Day for such currency and Interest Period; provided that, if the LIBOR Screen Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, that if a LIBOR Screen Rate shall not be available at such time for such Interest Period (the "Impacted Interest Period"), then the LIBO Rate for such currency and such Interest Period shall be the Interpolated Rate; provided, that, if any Interpolated Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement. It is understood and agreed that all of the terms and conditions of this definition of "LIBO Rate" shall be subject to Section 2.14.

"LIBOR Screen Rate" has the meaning assigned to such term in the definition of "LIBO Rate".

"Lien" means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease, that is not an operating lease, having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"Loan Documents" means this Agreement, any promissory notes issued pursuant to Section 2.10(e) of this Agreement, any Letter of Credit applications, the Subsidiary Guaranty and the Pledge Agreements. Any reference in this Agreement or any other Loan Document to a Loan Document shall include all appendices, exhibits or schedules thereto, and all amendments, restatements, supplements or other modifications thereto, and shall refer to this Agreement or such Loan Document as the same may be in effect at any and all times such reference becomes operative.

"Loan Parties" means, collectively, Holdings, the Borrower and the Subsidiary Guarantors.

"Loans" means the loans made by the Lenders to the Borrower pursuant to this Agreement.

"Local Time" means (i) New York City time in the case of a Loan, Borrowing or LC Disbursement denominated in Dollars and (ii) local time in the case of a Loan, Borrowing or LC Disbursement denominated in a Foreign Currency (it being understood that such local time shall mean London, England time unless otherwise notified by the Administrative Agent).

"Majority in Interest", when used in reference to Lenders of any Class, means, at any time (i) in the case of the Multicurrency Tranche Lenders, Lenders having Multicurrency Tranche Revolving Credit Exposures and unused Multicurrency Tranche Commitments representing more than 50% of the sum of the aggregate Multicurrency Tranche Revolving Credit Exposures and the aggregate unused Multicurrency Tranche Commitments at such time and (ii) in the case of the Dollar Tranche Lenders, Lenders having Dollar Tranche Revolving Credit Exposures and unused Dollar Tranche Commitments representing more than 50% of the sum of the aggregate Dollar Tranche Revolving Credit Exposures and the aggregate unused Dollar Tranche Commitments at such time.

"Material Acquisition" is defined in the definition of Consolidated EBITDA.

"Material Adverse Effect" means a material adverse effect on (a) the business, assets, operations or condition (financial or otherwise) of Holdings, the Borrower and the Restricted Subsidiaries taken as a whole or (b) the validity or enforceability of this Agreement or any and all other Loan Documents or the material rights or remedies of the Administrative Agent and the Lenders thereunder.

"Material Disposition" is defined in the definition of Consolidated EBITDA.

"Material Domestic Subsidiary" means each Domestic Subsidiary (other than any Unrestricted Subsidiary and any Receivables Entity) which, as of the end of the most recent fiscal year of Holdings for which financial statements have been delivered pursuant to Section 5.01(a) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a), the most recent financial statements referred to in Section 3.04(a)(ii)), contributed greater than five percent (5%) of Consolidated Total Assets as of such date; provided that, if at any time the aggregate amount of Consolidated Total Assets attributable to all Domestic Subsidiaries (other than Unrestricted Subsidiaries) that are not Material Domestic Subsidiaries exceeds ten percent (10%) of Consolidated Total Assets as of the end of any such fiscal year, Holdings (or, in the event Holdings has failed to do so within thirty (30) days, the Administrative Agent) shall designate sufficient Domestic Subsidiaries (other than Unrestricted Subsidiaries and Receivables Entities) as "Material Domestic Subsidiaries" to eliminate such excess, and such designated Subsidiaries shall for all purposes of this Agreement constitute Material Domestic Subsidiaries.

"Material Foreign Subsidiary" means each Foreign Subsidiary which, as of the most recent fiscal year of Holdings for which financial statements have been delivered pursuant to Section 5.01(a) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a), the most recent financial statements referred to in Section 3.04(a)(ii)), contributed greater than five percent (5%) of Consolidated Total Assets as of such date.

"Material Indebtedness" means Indebtedness (other than the Loans and Letters of Credit), or obligations in respect of one or more Swap Agreements, of any one or more of Holdings, the Borrower and the Restricted Subsidiaries in an aggregate principal amount exceeding $50,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings, the Borrower or any Restricted Subsidiary in respect of any Swap Agreement at any time shall be the maximum aggregate amount (giving effect to any netting agreements) that Holdings, the Borrower or such Restricted Subsidiary would be required to pay if such Swap Agreement were terminated at such time.

"Maturity Date" means October 10, 2018.

"Moody's" means Moody's Investors Service, Inc.

"Multicurrency Tranche Commitment" means, with respect to each Lender, the commitment of such Lender to make Multicurrency Tranche Revolving Loans and to acquire participations in Multicurrency Tranche Letters of Credit and Swingline Loans hereunder, expressed as an amount representing the maximum aggregate amount of such Lender's Multicurrency Tranche Revolving Credit Exposure hereunder, as such commitment may be (a) reduced or terminated from time to time pursuant to Section 2.09, (b) increased from time to time pursuant to Section 2.20 and (c) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. The initial amount of each Lender's Multicurrency Tranche Commitment is set forth on Schedule 2.01, or in the Assignment and Assumption or other documentation contemplated hereby pursuant to which such Lender shall have assumed its Multicurrency Tranche Commitment, as applicable. The aggregate principal amount of the Multicurrency Tranche Commitments on the Effective Date is $785,000,000.

"Multicurrency Tranche LC Exposure" means, at any time, the sum of (a) the aggregate undrawn Dollar Amount of all outstanding Multicurrency Tranche Letters of Credit at such time plus (b) the aggregate Dollar Amount of all LC Disbursements in respect of Multicurrency Tranche Letters of Credit that have not yet been reimbursed by or on behalf of the Borrower at such time. The Multicurrency Tranche LC Exposure of any Multicurrency Tranche Lender at any time shall be its Multicurrency Tranche Percentage of the total Multicurrency Tranche LC Exposure at such time.

"Multicurrency Tranche Lender" means a Lender with a Multicurrency Tranche Commitment or holding Multicurrency Tranche Revolving Loans.

"Multicurrency Tranche Letter of Credit" means any letter of credit issued under the Multicurrency Tranche Commitments pursuant to this Agreement.

"Multicurrency Tranche Percentage" means, with respect to any Lender, the percentage of the aggregate Multicurrency Tranche Commitments represented by such Lender's Multicurrency Tranche Commitment; provided that, in the case of Section 2.22 when a Defaulting Lender shall exist, "Multicurrency Tranche Percentage" shall mean the percentage of the aggregate Multicurrency Tranche Commitments (disregarding any Defaulting Lender's Multicurrency Tranche Commitment) represented by such Lender's Multicurrency Tranche Commitment. If the Multicurrency Tranche Commitments have terminated or expired, the Multicurrency Tranche Percentages shall be determined based upon the Multicurrency Tranche Commitments most recently in effect, giving effect to any assignments and to any Multicurrency Tranche Lender's status as a Defaulting Lender at the time of determination.

"Multicurrency Tranche Revolving Borrowing" means a Borrowing comprised of Multicurrency Tranche Revolving Loans.

"Multicurrency Tranche Revolving Credit Exposure" means, with respect to any Multicurrency Tranche Lender at any time, and without duplication, the sum of the outstanding principal amount of such Multicurrency Tranche Lender's Multicurrency Tranche Revolving Loans and its Multicurrency Tranche LC Exposure and Swingline Exposure at such time.

"Multicurrency Tranche Revolving Loan" means a Loan made by a Multicurrency Tranche Lender pursuant to Section 2.01(b). Each Multicurrency Tranche Revolving Loan shall be a Eurocurrency Loan denominated in an Agreed Currency or an ABR Loan denominated in Dollars.

"Multiemployer Plan" means a multiemployer plan as defined in Section 4001(a)(3) of ERISA.

"Non-U.S. Lender" means a Lender that is not a U.S. Person.

"Obligations" means all unpaid principal of and accrued and unpaid interest on the Loans, all LC Exposure, all accrued and unpaid fees and all expenses, reimbursements, indemnities and other obligations and indebtedness (including interest and fees accruing during the pendency of any bankruptcy, insolvency, receivership or other similar proceeding, regardless of whether allowed or allowable in such proceeding), obligations and liabilities of any of Holdings, the Borrower and the Restricted Subsidiaries to any of the Lenders, the Administrative Agent, the Issuing Bank or any indemnified party, individually or collectively, existing on the Effective Date or incurred or arising thereafter, direct or indirect, joint or several, absolute or contingent, matured or unmatured, liquidated or unliquidated, secured or unsecured, arising by contract, operation of law or otherwise, under this Agreement or any of the other Loan Documents or to the Lenders or any of their Affiliates under any Swap Agreement or any Banking Services Agreement; provided that the definition of "Obligations" shall not create or include any guarantee by any Loan Party of (or grant of security interest by any Loan Party to support, as applicable) any Excluded Swap Obligations of such Loan Party for purposes of determining any obligations of any Loan Party.

"OFAC" means the Office of Foreign Assets Control of the U.S. Department of the Treasury.

"Other Connection Taxes" means, with respect to any Recipient, Taxes imposed as a result of a present or former connection between such Recipient and the jurisdiction imposing such Taxes (other than a connection arising from such Recipient having executed, delivered, enforced, become a party to, performed its obligations under, received payments under, received or perfected a security interest under, or engaged in any other transaction pursuant to, or enforced, any Loan Document, or sold or assigned an interest in any Loan Document).

"Other Taxes" means any present or future stamp, court, documentary, intangible, recording, filing or similar excise or property Taxes that arise from any payment made under, from the execution, delivery, performance, enforcement or registration of, or from the registration, receipt or perfection of a security interest under, or otherwise with respect to, any Loan Document, except any such Taxes that are Other Connection Taxes imposed with respect to an assignment (other than an assignment under Section 2.19(b)).

"Overnight Foreign Currency Rate" means, for any amount payable in a Foreign Currency, the rate of interest per annum as determined by the Administrative Agent at which overnight or weekend deposits in the relevant currency (or if such amount due remains unpaid for more than three (3) Business Days, then for such other period of time as the Administrative Agent may elect) for delivery in immediately available and freely transferable funds would be offered by the Administrative Agent to major banks in the interbank market upon request of such major banks for the relevant currency as determined above and in an amount comparable to the unpaid principal amount of the related Credit Event, plus any taxes, levies, imposts, duties, deductions, charges or withholdings imposed upon, or charged to, the Administrative Agent by any relevant correspondent bank in respect of such amount in such relevant currency.

"Participant" has the meaning assigned to such term in Section 9.04(c).

"Participant Register" has the meaning assigned to such term in Section 9.04(c).

"Participating Member State" means any member state of the European Union that adopts or has adopted the euro as its lawful currency in accordance with legislation of the European Union relating to economic and monetary union.

"Patriot Act" means the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), as amended.

"PBGC" means the Pension Benefit Guaranty Corporation referred to and defined in ERISA and any successor entity performing similar functions.

"Permitted Acquisition" means any acquisition (whether by purchase, merger, consolidation or otherwise) or a series of related acquisitions by the Borrower or any consolidated Restricted Subsidiary of all or substantially all the assets of, or all or substantially all of the Equity Interests in, a Person or division or line of business of a Person if, at the time of and immediately after giving effect thereto, (a) no Default has occurred and is continuing or would result therefrom, (b) the principal business of such Person shall be reasonably related to a business in which the Borrower or any of the Restricted Subsidiaries were engaged on the Effective Date, (c) Holdings and the Borrower shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.12 and (d) if such acquisition constitutes a Material Acquisition, a Financial Officer of Holdings or the Borrower has delivered to the Administrative Agent a certificate to the effect set forth in clause (c) above, it being understood and agreed that the calculations set forth in such certificate shall be calculated in accordance with Section 1.04(b) hereof.

"Permitted Call Spread Swap Agreements" means (a) a Swap Agreement pursuant to which Holdings or the Borrower acquires a call option requiring the counterparty thereto to deliver to Holdings or the Borrower, as the case may be, shares or units of Equity Interests of Holdings or the Borrower, as the case may be, the cash value of such Equity Interests or a combination thereof from time to time upon exercise of such option and (b) a Swap Agreement pursuant to which Holdings or the Borrower issues to the counterparty thereto warrants to acquire shares or units of Equity Interests of Holdings or the Borrower, as the case may be, in each case entered into by Holdings or the Borrower, as the case may be, with respect to Permitted Convertible Notes; provided that (i) the terms, conditions and covenants of each such Swap Agreement shall be such as are typical and customary for Swap Agreements of such type (as determined by the board of directors (including an authorized committee thereof) of Holdings for Holdings or as the sole member of the Borrower, as the case may be, in good faith) and (ii) in the case of clause (b) above, such Swap Agreement would be classified as an equity instrument in accordance with EITF 00-19, *Accounting for Derivative Financial Instruments Indexed to, and Potentially Settled in, a Company's Own Stock*, or any successor thereto (including pursuant to the Accounting Standards Codification), and the settlement of such Swap Agreement does not require Holdings or the Borrower to make any payment in cash or cash equivalents that would disqualify such Swap Agreement from so being classified as an equity instrument.

"Permitted Convertible Notes" means any unsecured notes issued by Holdings or the Borrower that are convertible into shares or units of Equity Interests of Holdings or the Borrower, respectively, or cash or any combination of cash and Equity Interests, and the Indebtedness thereunder is Subordinated Indebtedness; provided that Permitted Convertible Notes may only be issued after the Effective Date so long as (i) both immediately prior to and after giving effect (including on a pro forma basis) thereto, no Default or Event of Default shall exist or would result therefrom, (ii) such Permitted Convertible Notes mature after, and do not require any scheduled amortization or other scheduled payments of principal prior to, the date that is 181 days after the Maturity Date (it being understood that neither (x) any provision requiring an offer to purchase or a right to call such Permitted Convertible Notes at, as of, or after, a designated date or otherwise as a result of change of control, asset sale, other fundamental change or other event nor (y) any early conversion of such Permitted Convertible Notes in accordance with the terms thereof shall violate the foregoing restriction), (iii) such Permitted Convertible Notes are not guaranteed by any Subsidiary other than the Subsidiary Guarantors (which guarantees shall be expressly subordinated to the Obligations on terms not less favorable to the Lenders than the subordination terms of any other subordinated convertible notes set forth on Schedule 6.01(b) to the Disclosure Letter issued by Holdings and outstanding on the Effective Date), (iv) the covenants applicable to such Permitted Convertible Notes are not more onerous or more restrictive in any material respect (taken as a whole) than the applicable covenants set forth in this Agreement (as determined by the board of directors (including an authorized committee thereof) of Holdings for Holdings or as the sole member of the Borrower, as the case may be, in good faith) and (v) both immediately prior to and after giving effect (including on a pro forma basis) thereto, Holdings and the Borrower are in compliance with Section 6.12.

"Permitted Encumbrances" means:

(a) Liens imposed by law for taxes or other governmental charges that are not yet due or are being contested in compliance with Section 5.04;

(b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in the same manner as Tax liability contests under Section 5.04;

(c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;

(d) Liens and deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business;

(e) judgment liens in respect of judgments that do not constitute an Event of Default under clause (k) of Section 7.01;

(f) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business and minor defects or irregularities in title that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Borrower or any Restricted Subsidiary;

(g) ground leases in respect of real property on which facilities owned or leased by the Borrower or any of the Restricted Subsidiaries are located;

(h) application specific integrated circuit (ASIC) contracts entered into in the ordinary course of business consistent with past practice;

(i) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods;

(j) customary restrictions or conditions imposed by a foreign government or any political subdivision of any foreign government or any public instrumentality thereof in connection with the transfer or disposition of assets;

(k) leases or subleases, or licenses or sublicenses, granted to other Persons and not interfering in any material respect with the business of Holdings, the Borrower and the Restricted Subsidiaries, taken as a whole;

(l) banker's liens, rights of setoff or similar rights and remedies as to deposit accounts or other funds maintained with depository institutions; provided that such deposit accounts or funds are not established or deposited for the purpose of providing collateral for any Indebtedness and are not subject to restrictions on access by Holdings, the Borrower or any Restricted Subsidiary in excess of those required by applicable banking regulations.

(m) customary Liens on property of Holdings, the Borrower or any Restricted Subsidiary sold to another Person pursuant to a conditional sales agreement where Holdings, the Borrower or such Restricted Subsidiary retains title;

(n) Liens on cash or cash equivalents (in an aggregate amount not to exceed $10,000,000) deposited in margin accounts with or on behalf of futures contract brokers or paid over to other contract counterparties or pledged or deposited as collateral to a contract counterparty to secure obligations with respect to Swap Agreements;

(o) Liens granted on cash or cash equivalents constituting proceeds from any sale or disposition of assets that is not prohibited by Section 6.05 deposited in escrow accounts or otherwise withheld or set aside to secure obligations of Holdings, the Borrower or any Restricted Subsidiary providing for indemnification, adjustment of purchase price or any similar obligations, in each case, in an amount not to exceed the amount of gross proceeds received by Holdings, the Borrower or any Restricted Subsidiary in connection with such sale or disposition;

(p) rights of lessees arising under leases entered into by Holdings, the Borrower or any Restricted Subsidiary as lessor, in the ordinary course of business;

(q) any Liens on or reservations with respect to governmental and other licenses, permits, franchises, consents and allowances;

(r) Liens solely on any cash earnest money deposits made by Holdings, the Borrower or any Restricted Subsidiary in connection with any letter of intent or purchase agreement permitted hereunder; and

(s) Liens granted on cash or cash equivalents (or other investments of the same) to defease Indebtedness of Holdings, the Borrower or any Restricted Subsidiary to the extent not prohibited under this Agreement;

provided that the term "Permitted Encumbrances" shall not include any Lien securing Indebtedness.

"Permitted Investments" means:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within three years from the date of acquisition thereof;

(b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within three years from the date of acquisition thereof and, at the time of acquisition, having one of the two highest ratings obtainable from either S&P or Moody's;

(c) senior corporate debt obligations of an issuer organized under the laws of the United States or any state thereof that are rated BBB or better by S&P or Baa2 or better by Moody's that mature not more than three years after the date of acquisition thereof and that are actively traded in a secondary market, provided that obligations described in this clause (c) that are rated BBB by S&P or Baa2 by Moody's shall not at any time comprise more than 10% of all Permitted Investments held by Holdings, the Borrower and the Subsidiaries;

(d) investments in commercial paper maturing within one year after the date of acquisition thereof and having, at such date of acquisition, a credit rating of at least A-1 (or the equivalent thereof) from S&P or at least P-1 (or the equivalent thereof) from Moody's;

(e) investments in certificates of deposit, banker's acceptances and demand or time deposits, in each case maturing not more than one year from the date of acquisition thereof, issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $250,000,000;

(f) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria described in clause (c) above;

(g) money market funds that (i) comply with the criteria set forth in Rule 2a-7 under the Investment Company Act of 1940, (ii) are rated AAA by S&P and Aaa by Moody's and (iii) have portfolio assets of at least $5,000,000,000;

(h) securities issued by any foreign government or any political subdivision of any foreign government or any public instrumentality thereof having maturities of not more than six months from the date of acquisition thereof and, at the time of acquisition, having one of the two highest credit ratings obtainable from S&P or from Moody's;

(i) in the case of any Foreign Subsidiary, other short-term investments that are analogous to the foregoing, are of comparable credit quality and are customarily used by companies in the jurisdiction of such Foreign Subsidiary for cash management purposes; and

(j) investments in funds that invest solely in one or more types of securities described in clauses (a), (b) and (h) above.

"Permitted Receivables Facility" shall mean a receivables facility or facilities created under the Permitted Receivables Facility Documents, providing for the sale, transfer and/or pledge by Holdings, the Borrower and/or one or more other Receivables Sellers of Permitted Receivables Facility Assets (thereby providing financing to Holdings, the Borrower and the Receivables Sellers) to a Receivables Entity (either directly or through another Receivables Seller), which in turn shall sell, transfer and/or pledge interests in the respective Permitted Receivables Facility Assets to third-party lenders or investors pursuant to the Permitted Receivables Facility Documents (with the Receivables Entity permitted to issue investor certificates, purchased interest certificates or other similar documentation evidencing interests in the Permitted Receivables Facility Assets) in return for the cash used by such Receivables Entity to acquire the Permitted Receivables Facility Assets from Holdings, the Borrower and/or the respective Receivables Sellers, in each case as more fully set forth in the Permitted Receivables Facility Documents. For clarity, without limitation, the receivables facilities described on Schedule 6.01(a) to the Disclosure Letter would each constitute a "Permitted Receivables Facility".

"Permitted Receivables Facility Assets" shall mean (i) Receivables (whether now existing or arising in the future) of Holdings, the Borrower and the Subsidiaries which are transferred, sold and/or pledged to a Receivables Entity pursuant to a Permitted Receivables Facility and any related Permitted Receivables Related Assets which are also so transferred, sold and/or pledged to the Receivables Entity and all proceeds thereof and (ii) loans to Holdings, the Borrower and the Subsidiaries secured by Receivables (whether now existing or arising in the future) and any Permitted Receivables Related Assets of Holdings, the Borrower and the Subsidiaries which are made pursuant to a Permitted Receivables Facility.

"Permitted Receivables Facility Documents" shall mean each of the documents and agreements entered into in connection with any Permitted Receivables Facility, including all documents and agreements relating to the issuance, funding and/or purchase of certificates and purchased interests or the incurrence of loans, as applicable, in each case as such documents and agreements may be amended, modified, supplemented, refinanced or replaced from time to time so long as (i) any such amendments, modifications, supplements, refinancings or replacements do not impose any conditions or requirements on Holdings, the Borrower or any Subsidiary that are more restrictive in any material respect than those in existence immediately prior to any such amendment, modification, supplement, refinancing or replacement unless otherwise consented to by the Administrative Agent, and (ii) any such amendments, modifications, supplements, refinancings or replacements are not adverse in any way to the interests of the Lenders.

"Permitted Receivables Related Assets" means any assets that are customarily transferred, sold and/or pledged or in respect of which security interests are customarily granted in connection with asset securitization transactions involving receivables similar to Receivables and any collections or proceeds of any of the foregoing (including, without limitation, lock-boxes, deposit accounts, reserve accounts, records in respect of Receivables and collections in respect of Receivables).

"Permitted Restructurings means a transaction or series of transactions pursuant to which direct and indirect Subsidiaries of Holdings and Borrower are converted, restructured or reorganized, whether by (i) transfer, (ii) acquisition, (iii) contribution, (iv) merger, (v) consolidation, (v) voluntary dissolution, (vi) liquidation, (vii) recapitalization, (viii) change in identity, form, or place of organization, or (ix) otherwise, in each case the result of which may cause a direct or indirect sale, assignment or transfer of Equity Interests and/or other assets between and among Holdings, Borrower and/or various Subsidiaries of Holdings and Borrower; provided that no such Permitted Restructuring(s) shall be effected if the Borrower reasonably determines in good faith that the Permitted Restructuring taken as a whole would be materially disadvantageous to the Lenders; provided further that the Borrower may not make such a determination if such Permitted Restructuring would (i) convert a Designated IP Subsidiary to an Unrestricted Subsidiary, (ii) cause a material portion of the assets and properties material to the business of Holdings, Borrower and the Restricted Subsidiaries taken as a whole to be owned by an Unrestricted Subsidiary (other than as permitted by Sections 6.04 and 6.05), or (iii) result in any Designated IP Subsidiary permitting to exist any Indebtedness for borrowed money. It is hereby understood and agreed that without limitation all of the transactions contemplated in Schedule 1.01 of the Disclosure Letter shall be Permitted Restructurings.

"Permitted Unsecured Indebtedness" means unsecured Indebtedness of Holdings or the Borrower (including unsecured Subordinated Indebtedness to the extent subordinated to the Obligations on terms reasonably acceptable to the Administrative Agent), to the extent not otherwise permitted under Section 6.01, and any Indebtedness constituting refinancings, renewals or replacements of any such Indebtedness; provided that (i) both immediately prior to and after giving effect (including pro forma effect) thereto, no Default or Event of Default shall exist or would result therefrom, (ii) such Indebtedness matures after, and does not require any scheduled amortization or other scheduled payments of principal prior to, the date that is 181 days after the Maturity Date (it being understood that any provision requiring an offer to purchase such Indebtedness as a result of change of control or asset sale shall not violate the foregoing restriction), (iii) such Indebtedness is not Guaranteed by any Restricted Subsidiary of Holdings other than the Subsidiary Guarantors (which Guarantees, if such Indebtedness is subordinated, shall be expressly subordinated to the Obligations on terms not less favorable to the Lenders than the subordination terms of such Subordinated Indebtedness), (iv) the covenants applicable to such Indebtedness are not more onerous or more restrictive in any material respect (taken as a whole) than the applicable covenants set forth in this Agreement (as determined by the board of directors (including an authorized committee thereof) of Holdings for Holdings or as the sole member of the Borrower, as the case may be, in good faith) and (v) at the time of the incurrence of such Indebtedness and immediately after giving effect thereto (including pro forma effect), the Senior Leverage Ratio is less than 2.75 to 1.00.

"Person" means any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, Governmental Authority or other entity.

"Plan" means any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 302 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is an "employer" as defined in Section 3(5) of ERISA.

"Pledge Agreements" means any pledge agreements, share mortgages, charges and comparable instruments and documents from time to time executed pursuant to the terms of Section 5.10 in favor of the Administrative Agent for the benefit of the Secured Parties, as amended, restated, supplemented or otherwise modified from time to time.

"Pledge Subsidiary" means (i) the Borrower, (ii) each Domestic Subsidiary and (iii) each First Tier Foreign Subsidiary which is a Material Foreign Subsidiary (it being understood and agreed that to the extent any Material Foreign Subsidiary is not a First Tier Foreign Subsidiary, its direct or indirect parent company that is a First Tier Foreign Subsidiary shall be deemed to be a Material Foreign Subsidiary).

"Pledged Equity" means all pledged Equity Interests in or upon which a security interest or Lien is from time to time granted to the Administrative Agent, for the benefit of the Secured Parties, under the Pledge Agreements.

"Pounds Sterling" or "£" means the lawful currency of the United Kingdom.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank, N.A. as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

"Qualified ECP Guarantor" means, in respect of any Specified Swap Obligation, each Loan Party that has total assets exceeding $10,000,000 at the time the relevant Guarantee or grant of the relevant security interest becomes or would become effective with respect to such Specified Swap Obligation or such other Person as constitutes an ECP and can cause another Person to qualify as an ECP at such time by entering into a keepwell under Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

"Qualifying Subsidiary" means any Restricted Subsidiary (other than a Material Domestic Subsidiary) that has Guaranteed any Permitted Convertible Notes or Permitted Unsecured Indebtedness.

"Quotation Day" means, with respect to any Eurocurrency Borrowing and any Interest Period, the Business Day that is generally treated as the rate fixing day by market practice in the applicable interbank market, as determined by the Administrative Agent.

"Receivables" shall mean any right to payment created by or arising from sales of goods, leases of goods or the rendition of services rendered no matter how evidenced whether or not earned by performance (whether constituting accounts, general intangibles, chattel paper or otherwise).

"Receivables Entity" shall mean a wholly-owned Subsidiary which engages in no activities other than in connection with the financing of accounts receivable of the Receivables Sellers and which is designated (as provided below) as a "Receivables Entity" (a) no portion of the Indebtedness or any other obligations (contingent or otherwise) of which (i) is guaranteed by Holdings, the Borrower or any other Subsidiary (excluding guarantees of obligations (other than the principal of, and interest on, Indebtedness)) pursuant to Standard Securitization Undertakings, (ii) is recourse to or obligates Holdings, the Borrower or any Subsidiary in any way (other than pursuant to Standard Securitization Undertakings) or (iii) subjects any property or asset of Holdings, the Borrower or any Subsidiary, directly or indirectly, contingently or otherwise, to the satisfaction thereof, other than pursuant to Standard Securitization Undertakings, (b) with which neither Holdings, the Borrower nor any Subsidiary has any contract, agreement, arrangement or understanding (other than pursuant to the Permitted Receivables Facility Documents (including with respect to fees payable in the ordinary course of business in connection with the servicing of accounts receivable and related assets)) on terms less favorable to Holdings, the Borrower or such Subsidiary than those that might be obtained at the time from persons that are not Affiliates of Holdings or the Borrower, and (c) to which neither Holdings, the Borrower nor any Subsidiary has any obligation to maintain or preserve such entity's financial condition or cause such entity to achieve certain levels of operating results (other than pursuant to Standard Securitization Undertakings). Any such designation shall be evidenced to the Administrative Agent by filing with the Administrative Agent an officer's certificate of Holdings or Borrower certifying that, to such officer's knowledge and belief, such designation complied with the foregoing conditions.

"Receivables Sellers" shall mean Holdings, the Borrower and those Restricted Subsidiaries that are from time to time party to the Permitted Receivables Facility Documents (other than any Receivables Entity).

"Recipient" means, as applicable, (a) the Administrative Agent, (b) any Lender and (c) the Issuing Bank.

"Reference Bank Rate" means the arithmetic mean of the rates (rounded upwards to four decimal places) supplied to the Administrative Agent at its request by the Reference Banks (as the case may be) as of the applicable time on the Quotation Day for Loans in the applicable currency and the applicable Interest Period as the rate at which the relevant Reference Bank could borrow funds in the London interbank market in the relevant currency and for the relevant period, were it to do so by asking for and then accepting interbank offers in reasonable market size in that currency and for that period.

"Reference Banks" means the principal London offices of JPMorgan Chase Bank, N.A. and such other banks as may be appointed by the Administrative Agent in consultation with the Borrower and agreed to by such bank.

"Register" has the meaning set forth in Section 9.04.

"Related Parties" means, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"Release" means any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into the environment (including ambient air, surface water, groundwater, land surface or subsurface strata) or within any building, structure, facility or fixture.

"Reportable Event" means any reportable event, as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan, other than events for which the 30-day notice period is waived under the final regulations issued under Section 4043, as in effect as of the date of this Agreement (the "Section 4043 Regulations"). Any changes made to the Section 4043 Regulations that become effective after the Effective Date shall have no impact on the definition of Reportable Event as used herein unless otherwise amended by the Borrower and the Administrative Agent.

"Required Lenders" means, at any time, Lenders having Revolving Credit Exposures and unused Commitments representing more than 50% of the sum of the total Revolving Credit Exposures and unused Commitments at such time.

"Restricted Payment" means any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests (including Indebtedness convertible into Equity Interests) in Holdings, the Borrower or any Restricted Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any such Equity Interests in Holdings, the Borrower or any Restricted Subsidiary or any option, warrant or other right to acquire any such Equity Interests in Holdings, the Borrower or any Restricted Subsidiary. Notwithstanding the foregoing, and for the avoidance of doubt, (i) the conversion of (including any cash payment upon conversion), or payment of any principal or premium on, or payment of any interest with respect to, any Permitted Convertible Notes shall constitute a Restricted Payment, (ii) any payment with respect to, or early unwind or settlement of, any Permitted Call Spread Swap Agreement shall not constitute a Restricted Payment, and (iii) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership or other employee benefit plans or programs approved by the board of directors of Holdings (including an authorized committee thereof) shall not constitute a Restricted Payment.

"Restricted Subsidiary" means any Subsidiary that is not an Unrestricted Subsidiary.

"Revolving Credit Exposure" means, with respect to any Lender at any time, the sum of the outstanding principal amount of such Lender's Multicurrency Tranche Revolving Loans and Dollar Tranche Revolving Loans and its LC Exposure and Swingline Exposure at such time.

"Revolving Loan" means any Multicurrency Tranche Revolving Loan or Dollar Tranche Revolving Loan.

"S&P" means Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by (a) the U.S. government, including those administered by OFAC or the U.S. Department of State, or (b) the United Nations Security Council, the European Union or Her Majesty's Treasury of the United Kingdom.

"Sanctioned Country" means, at any time, a country or territory which is the subject or target of any Sanctions.

"Sanctioned Person" means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained OFAC, the U.S. Department of State, or by the United Nations Security Council, the European Union or any EU member state, (b) any Person operating, organized or resident in a Sanctioned Country or (c) any Person controlled by any such Person.

"SEC" means the United States Securities and Exchange Commission.

"Secured Parties" means the holders of the Obligations from time to time and shall include (i) each Lender and the Issuing Bank in respect of its Loans and LC Exposure respectively, (ii) the Administrative Agent, the Issuing Bank and the Lenders in respect of all other present and future obligations and liabilities of Holdings, the Borrower and each Restricted Subsidiary of every type and description arising under or in connection with this Agreement or any other Loan Document, (iii) each Lender and affiliate of such Lender in respect of Swap Agreements and Banking Services Agreements entered into with such Person by Holdings, the Borrower or any Restricted Subsidiary, (iv) each indemnified party under Section 9.03 in respect of the obligations and liabilities of Holdings or the Borrower to such Person hereunder and under the other Loan Documents, and (v) their respective successors and (in the case of a Lender, permitted) transferees and assigns.

"Securities Act" means the United States Securities Act of 1933, as amended.

"Senior Leverage Ratio" means the ratio, determined as of the end of each of Holdings' fiscal quarters ending on and after September 30, 2013, of (i) Consolidated Senior Indebtedness to (ii) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for Holdings, the Borrower and the Restricted Subsidiaries on a consolidated basis.

"Specified Swap Obligation" means, with respect to any Loan Party, any obligation to pay or perform under any agreement, contract or transaction that constitutes a "swap" within the meaning of Section 1a(47) of the Commodity Exchange Act or any rules or regulations promulgated thereunder.

"Standard Securitization Undertakings" shall mean representations, warranties, covenants and indemnities entered into by Holdings, the Borrower or any Subsidiary thereof in connection with a Permitted Receivables Facility which are reasonably customary in an accounts receivable financing transaction.

"Statutory Reserve Rate" means a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve, liquid asset, fees or similar requirements (including any marginal, special, emergency or supplemental reserves or other requirements) established by any central bank, monetary authority, the Board, the Financial Conduct Authority, the Prudential Regulation Authority, the European Central Bank or other Governmental Authority for any category of deposits or liabilities customarily used to fund loans in the applicable currency, expressed in the case of each such requirement as a decimal. Such reserve, liquid asset, fees or similar requirements shall include those imposed pursuant to Regulation D of the Board. Eurocurrency Loans shall be deemed to be subject to such reserve, liquid asset, fee or similar requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under any applicable law, rule or regulation, including Regulation D of the Board. The Statutory Reserve Rate shall be adjusted automatically on and as of the effective date of any change in any reserve, liquid asset or similar requirement.

"Subordinated Indebtedness" means any Indebtedness of Holdings, the Borrower or any Restricted Subsidiary the payment of which is subordinated to payment of the obligations under the Loan Documents.

"Subordinated Indebtedness Documents" means any document, agreement or instrument evidencing any Subordinated Indebtedness or entered into in connection with any Subordinated Indebtedness.

"subsidiary" means, with respect to any Person (the "parent") at any date, any corporation, limited liability company, partnership, association or other entity the accounts of which would be consolidated with those of the parent in the parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, as well as any other corporation, limited liability company, partnership, association or other entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or, in the case of a partnership, more than 50% of the general partnership interests are, as of such date, owned, Controlled or held, directly or indirectly.

"Subsidiary" means any subsidiary of Holdings other than the Borrower. Without limiting the generality of the definition of the term "subsidiary", it is understood and agreed that each of (a) ON Semiconductor Czech Republic, s.r.o., legal successor, a corporation existing under the laws of the Czech Republic, (b) ON Semiconductor Slovakia a.s. (formerly known as Slovakia Electronic Industries, a.s.), a corporation existing under the laws of Slovakia and (c) Leshan-Phoenix Semiconductor Co., Ltd., an entity existing under the laws of the People's Republic of China, is a subsidiary of Holdings as of the Effective Date.

"Subsidiary Guarantor" means each (i) Material Domestic Subsidiary and (ii) Qualifying Subsidiary, in each case that is a party to the Subsidiary Guaranty and has not been released. The Subsidiary Guarantors on the Effective Date are identified as such in Schedule 3.01 to the Disclosure Letter.

"Subsidiary Guaranty" means that certain Guaranty dated as of the Effective Date in the form of Exhibit F (including any and all supplements thereto) and executed by each Subsidiary Guarantor, as amended, restated, supplemented or otherwise modified from time to time.

"Swap Agreement" means any agreement with respect to any swap, forward, future or derivative transaction or option or similar agreement involving, or settled by reference to, one or more rates, currencies, commodities, equity or debt instruments or securities, or economic, financial or pricing indices or measures of economic, financial or pricing risk or value or interest rate, commodities and foreign currency exchange protection agreements or any similar transaction or any combination of these transactions; provided that no option, phantom stock or similar security providing for payments only on account of services provided by or issued under a plan for current or former directors, officers, employees or consultants of Holdings, Borrower, or the Restricted Subsidiaries shall be a Swap Agreement.

"Swap Obligations" means any and all obligations of Holdings, the Borrower or any Restricted Subsidiary, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (a) any and all Swap Agreements permitted hereunder with a Lender or an Affiliate of a Lender, and (b) any and all cancellations, buy backs, reversals, terminations or assignments of any such Swap Agreement transaction.

"Swingline Exposure" means, at any time, the aggregate principal amount of all Swingline Loans outstanding at such time. The Swingline Exposure of any Multicurrency Tranche Lender at any time shall be its Multicurrency Tranche Percentage of the total Swingline Exposure at such time.

"Swingline Lender" means JPMorgan Chase Bank, N.A., in its capacity as lender of Swingline Loans hereunder.

"Swingline Loan" means a Loan made pursuant to Section 2.05.

"TARGET2" means the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET2) payment system (or, if such payment system ceases to be operative, such other payment system (if any) reasonably determined by the Administrative Agent to be a suitable replacement) for the settlement of payments in euro.

"Taxes" means any present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

"Tranche" means a category of Commitments and extensions of credit hereunder. For purposes hereof, each of the following comprises a separate Tranche: (a) Multicurrency Tranche Commitments, Multicurrency Tranche Revolving Loans, Multicurrency Tranche Letters of Credit and Swingline Loans and (b) Dollar Tranche Commitments, Dollar Tranche Revolving Loans and Dollar Tranche Letters of Credit.

"Total Leverage Ratio" has the meaning assigned to such term in Section 6.12(a).

"Transactions" means the execution, delivery and performance by the Loan Parties of this Agreement and the other Loan Documents, the borrowing and repayment of Loans and other credit extensions and the issuance of Letters of Credit hereunder.

"Type", when used in reference to any Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Alternate Base Rate.

"Unrestricted Subsidiary" means (a) any Subsidiary that has been designated by the board of directors of Holdings as an Unrestricted Subsidiary pursuant to Section 6.13 subsequent to the Effective Date (and not subsequently designated as a Restricted Subsidiary in accordance with such Section) and (b) any Subsidiary of an Unrestricted Subsidiary.

"U.S. Person" means a "United States person" within the meaning of Section 7701(a)(30) of the Code.

"U.S. Tax Certificate" has the meaning assigned to such term in Section 2.17(f)(ii)(D)(2).

"Withdrawal Liability" means liability to a Multiemployer Plan as a result of a complete or partial withdrawal from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"Withholding Agent" means any Loan Party and the Administrative Agent.

SECTION 1.02. Classification of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Class (e.g., a "Dollar Tranche Revolving Loan") or by Type (e.g., a "Dollar Tranche Eurocurrency Loan") or by Class and Type (e.g., a "Dollar Tranche Eurocurrency Revolving Loan"). Borrowings also may be classified and referred to by Class (e.g., a "Dollar Tranche Revolving Borrowing") or by Type (e.g., a "Eurocurrency Borrowing") or by Class and Type (e.g., a "Dollar Tranche Eurocurrency Revolving Borrowing").

SECTION 1.03. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". The word "law" shall be construed as referring to all statutes, rules, regulations, codes and other laws (including official rulings and interpretations thereunder having the force of law or with which affected Persons customarily comply), and all judgments, orders and decrees, of all Governmental Authorities. Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, restatements, supplements or modifications set forth herein), (b) any definition of or reference to any statute, rule or regulation shall be construed as referring thereto as from time to time amended, supplemented or otherwise modified (including by succession of comparable successor laws), (c) any reference herein to any Person shall be construed to include such Person's successors and assigns (subject to any restrictions on assignment set forth herein) and, in the case of any Governmental Authority, any other Governmental Authority that shall have succeeded to any or all functions thereof, (d) the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (e) all references herein to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles and Sections of, and Exhibits and Schedules to, this Agreement and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 1.04. Accounting Terms; GAAP; Treatment of Unrestricted Subsidiaries; Pro Forma Calculations. (a) Except as otherwise expressly provided herein, all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; provided that, if Holdings notifies the Administrative Agent that Holdings requests an amendment to any provision hereof to eliminate the effect of any change occurring after the date hereof in GAAP or in the application thereof on the operation of such provision (or if the Administrative Agent notifies Holdings that the Required Lenders request an amendment to any provision hereof for such purpose), regardless of whether any such notice is given before or after such change in GAAP or in the application thereof, then such provision shall be interpreted on the basis of GAAP as in effect and applied immediately before such change shall have become effective until such notice shall have been withdrawn or such provision amended in accordance herewith. Notwithstanding any other provision contained herein, all terms of an accounting or financial nature used herein shall be construed, and all computations of amounts and ratios referred to herein shall be made (i) without giving effect to any election under Accounting Standards Codification 825-10-25 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any Indebtedness or other liabilities of Holdings, the Borrower or any Subsidiary at "fair value", as defined therein and (ii) without giving effect to any treatment of Indebtedness in respect of convertible debt instruments under Accounting Standards Codification 470-20 (or any other Accounting Standards Codification or Financial Accounting Standard having a similar result or effect) to value any such Indebtedness in a reduced or bifurcated manner as described therein, and such Indebtedness shall at all times be valued at the full stated principal amount thereof. Except as otherwise agreed, all accounting and financial calculations and determinations shall be made without consolidating the accounts of Unrestricted Subsidiaries with those of Holdings, the Borrower or any Restricted Subsidiary, notwithstanding that such treatment is inconsistent with GAAP.

(b) All pro forma computations required to be made hereunder giving effect to any Material Acquisition or Material Disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction shall in each case be calculated giving pro forma effect thereto (and, in the case of any pro forma computation made hereunder to determine whether such acquisition or disposition, or issuance, incurrence or assumption of Indebtedness, or other transaction is permitted to be consummated hereunder, to any other such transaction consummated since the first day of the period covered by any component of such pro forma computation and on or prior to the date of such computation) as if such transaction had occurred on the first day of the period of four consecutive fiscal quarters ending with the most recent fiscal quarter for which financial statements shall have been delivered pursuant to Section 5.01(a) or 5.01(b) (or, prior to the delivery of any such financial statements, ending with the last fiscal quarter included in the financial statements referred to in Section 3.04(a)(ii)), and, to the extent applicable, to the historical earnings and cash flows associated with the assets acquired or disposed of (but without giving effect to any synergies or cost savings) and any related incurrence or reduction of Indebtedness, all in accordance with Article 11 of Regulation S-X under the Securities Act. If any Indebtedness bears a floating rate of interest and is being given pro forma effect, the interest on such Indebtedness shall be calculated as if the rate in effect on the date of determination had been the applicable rate for the entire period (taking into account any Swap Agreement applicable to such Indebtedness).

SECTION 1.05. Status of Obligations. In the event that Holdings or any other Loan Party shall at any time issue or have outstanding any Subordinated Indebtedness, Holdings shall take or cause such other Loan Party to take all such actions as shall be necessary to cause the Obligations to constitute senior indebtedness (however denominated) in respect of such Subordinated Indebtedness and to enable the Administrative Agent and the Lenders to have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Without limiting the foregoing, the Obligations are hereby designated as "senior indebtedness" and as "designated senior indebtedness" and words of similar import under and in respect of any indenture or other agreement or instrument under which such Subordinated Indebtedness is outstanding and are further given all such other designations as shall be required under the terms of any such Subordinated Indebtedness in order that the Lenders may have and exercise any payment blockage or other remedies available or potentially available to holders of senior indebtedness under the terms of such Subordinated Indebtedness. Nothing contained herein shall constitute a consent by the Administrative Agent and the Lenders to the incurrence by any Loan Party of any Indebtedness not otherwise permitted to be incurred in accordance with the provisions of this Agreement.

SECTION 1.06. Amendment and Restatement of the Existing Credit Agreement. The parties to this Agreement agree that, upon (i) the execution and delivery by each of the parties hereto of this Agreement and (ii) satisfaction of the conditions set forth in Section 4.01, the terms and provisions of the Existing Credit Agreement shall be and hereby are amended, superseded and restated in their entirety by the terms and provisions of this Agreement. This Agreement is not intended to and shall not constitute a novation. All Loans made and Obligations incurred under the Existing Credit Agreement which are outstanding on the Effective Date shall continue as Loans and Obligations under (and, as of the Effective Date, shall be governed by the terms of) this Agreement and the other Loan Documents. Without limiting the foregoing, upon the effectiveness hereof: (a) all references in the "Loan Documents" to the "Administrative Agent", the "Credit Agreement" and the "Loan Documents" (each as defined in the Existing Credit Agreement) shall be deemed to refer to the Administrative Agent, this Agreement and the Loan Documents, (b) the Existing Letters of Credit which remain outstanding on the Effective Date shall continue as Multicurrency Tranche Letters of Credit under (and, as of the Effective Date, shall be governed by the terms of) this Agreement, (c) all obligations constituting "Obligations" with any Lender or any Affiliate of any Lender which are outstanding on the Effective Date shall continue as Obligations under this Agreement and the other Loan Documents, (d) the "Commitments" (as defined in the Existing Credit Agreement) shall be allocated between, and redesignated as, Multicurrency Tranche Commitments and Dollar Tranche Commitments hereunder, in each case pursuant to the allocations set forth on Schedule 2.01, (e) the Administrative Agent shall make such other reallocations, sales, assignments or other relevant actions in respect of each Lender's credit exposure under the Existing Credit Agreement as are necessary in order that each such Lender's applicable Revolving Credit Exposure and applicable outstanding Revolving Loans hereunder reflect such Lender's Applicable Percentage of the applicable outstanding aggregate Revolving Credit Exposures on the Effective Date, (f) the Existing Loans (as defined in Section 2.01) of each Departing Lender shall be repaid in full (accompanied by any accrued and unpaid interest and fees thereon), each Departing Lender's "Commitment" under the Existing Credit Agreement shall be terminated and each Departing Lender shall not be a Lender hereunder and (g) the Borrower hereby agrees to compensate each Lender (including each Departing Lender) for any and all losses, costs and expenses incurred by such Lender in connection with the sale and assignment of any Eurodollar Loans (including the "Eurodollar Loans" under the Existing Credit Agreement) and such reallocation described above, in each case on the terms and in the manner set forth in Section 2.16 hereof.

ARTICLE II

The Credits

SECTION 2.01. Commitments. Prior to the Effective Date, to the extent any loans were previously made to the Borrower under the Existing Credit Agreement which remain outstanding as of the date of this Agreement, such outstanding loans shall be hereinafter referred to as the "Existing Loans". Subject to the terms and conditions set forth in this Agreement, the Borrower, Holdings and each of the Lenders agree that on the Effective Date but subject to the satisfaction of the conditions precedent set forth in Section 4.01 and the reallocation and other transactions described in Section 1.06, the Existing Loans (if any) shall, as of the Effective Date, be reevidenced as Loans of the applicable Class under this Agreement and the terms of the Existing Loans shall be restated in their entirety and shall be evidenced by this Agreement. Subject to the terms and conditions set forth herein, (a) each Dollar Tranche Lender (severally and not jointly) agrees to make Dollar Tranche Revolving Loans to the Borrower in Dollars from time to time during the Availability Period in an aggregate principal amount that will not result in (i) such Lender's Dollar Tranche Revolving Credit Exposure exceeding such Lender's Dollar Tranche Commitment or (ii) the sum of the total Dollar Tranche Revolving Credit Exposures exceeding the aggregate Dollar Tranche Commitments and (b) each Multicurrency Tranche Lender (severally and not jointly) agrees to make Multicurrency Tranche Revolving Loans to the Borrower in Agreed Currencies from time to time during the Availability Period in an aggregate principal amount that will not result in (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of such Lender's Multicurrency Tranche Revolving Credit Exposure exceeding such Lender's Multicurrency Tranche Commitment, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Multicurrency Tranche Revolving Credit Exposures exceeding the aggregate Multicurrency Tranche Commitments or (iii) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the total outstanding Multicurrency Tranche Revolving Loans and Multicurrency Tranche LC Exposure, in each case denominated in Foreign Currencies, exceeding the Foreign Currency Sublimit. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Dollar Tranche Revolving Loans and Multicurrency Tranche Revolving Loans.

SECTION 2.02. Loans and Borrowings. (a) Each Revolving Loan (other than a Swingline Loan) shall be made as part of a Borrowing consisting of Revolving Loans of the same Class and Type made by the applicable Lenders ratably in accordance with their respective Commitments of the applicable Class. The failure of any Lender to make any Loan required to be made by it shall not relieve any other Lender of its obligations hereunder; provided that the Commitments of the Lenders are several and no Lender shall be responsible for any other Lender's failure to make Loans as required. Any Swingline Loan shall be made in accordance with the procedures set forth in Section 2.05.

(b) Subject to Section 2.14, each Dollar Tranche Revolving Borrowing and each Multicurrency Tranche Revolving Borrowing shall be comprised entirely of ABR Loans or Eurocurrency Loans as the Borrower may request in accordance herewith; provided that each ABR Loan shall only be made in Dollars. Each Swingline Loan shall be an ABR Loan. Each Lender at its option may make any Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Loan (and in the case of an Affiliate, the provisions of Sections 2.14, 2.15, 2.16 and 2.17 shall apply to such Affiliate to the same extent as to such Lender); provided that any exercise of such option shall not affect the obligation of the Borrower to repay such Loan in accordance with the terms of this Agreement.

(c) At the commencement of each Interest Period for any Eurocurrency Revolving Borrowing, such Borrowing shall be in an aggregate amount that is an integral multiple of $1,000,000 (or, if such Borrowing is denominated in (i) Japanese Yen, JPY 100,000,000 or (ii) a Foreign Currency other than Japanese Yen, 1,000,000 units of such currency) and not less than $10,000,000 (or, if such Borrowing is denominated in (i) Japanese Yen, JPY 1,000,000,000 or (ii) a Foreign Currency other than Japanese Yen, 10,000,000 units of such currency). At the time that each ABR Revolving Borrowing is made, such Borrowing shall be in an aggregate amount that is an integral multiple of $500,000 and not less than $10,000,000; provided that an ABR Revolving Borrowing may be in an aggregate amount that is equal to the entire unused balance of the aggregate Dollar Tranche Commitments or the aggregate Multicurrency Tranche Commitments, as applicable, or that is required to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e). Each Swingline Loan shall be in an amount that is an integral multiple of $500,000 and not less than $10,000,000. Borrowings of more than one Type and Class may be outstanding at the same time; provided that there shall not at any time be more than a total of six (6) Eurocurrency Revolving Borrowings outstanding.

(d) Notwithstanding any other provision of this Agreement, (i) the Borrower shall not be entitled to request, or to elect to convert or continue, any Borrowing if the Interest Period requested with respect thereto would end after the Maturity Date and (ii) subject to the requirements of Section 2.01, each requested Revolving Borrowing denominated in Dollars shall be made pro rata among the Lenders (and between the Dollar Tranche Commitments and the Multicurrency Tranche Commitments) according to the sum of the aggregate amount of their respective Dollar Tranche Commitments and Multicurrency Tranche Commitments; provided that if, on such date of such Borrowing (after giving effect to any prepayments of Revolving Loans and/or the expiration of any Letters of Credit to occur as of such date) any Revolving Loans and/or Letters of Credit denominated in Foreign Currencies will be outstanding under the Multicurrency Tranche Commitments, such requested Borrowing denominated in Dollars shall be made pro rata (or as nearly pro rata as possible, as reasonably determined by the Administrative Agent) among the Lenders (and under the Dollar Tranche Commitments and the Multicurrency Tranche Commitments) according to the sum of the aggregate unused amount of their respective Dollar Tranche Commitments and Multicurrency Tranche Commitments.

SECTION 2.03. Requests for Revolving Borrowings. To request a Revolving Borrowing, the Borrower shall notify the Administrative Agent of such request (a) by irrevocable written notice (via a written Borrowing Request in the form attached hereto as Exhibit I and signed by the Borrower (which may be delivered by electronic means in accordance with Section 9.01), promptly followed by telephonic confirmation of such request) in the case of a Eurocurrency Borrowing, not later than 12:00 noon, Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars) or by irrevocable written notice (via a written Borrowing Request signed by the Borrower (which may be delivered by electronic means in accordance with Section 9.01)) not later than four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of the proposed Borrowing or (b) by telephone (or via a written Borrowing Request in the form attached hereto as Exhibit I and signed by the Borrower (which may be delivered by electronic means in accordance with Section 9.01), promptly followed by telephonic confirmation of such request) in the case of an ABR Borrowing, not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing; provided that any such notice of an ABR Revolving Borrowing to finance the reimbursement of an LC Disbursement as contemplated by Section 2.06(e) may be given not later than 11:00 a.m., New York City time, on the date of the proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Borrowing Request signed by the Borrower. Each such telephonic and written Borrowing Request shall specify the following information in compliance with Section 2.02:

(i) the aggregate amount of the requested Borrowing;

(ii) the date of such Borrowing, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing and, subject to the requirements of Section 2.02(d)(ii), whether such Borrowing is to be a Dollar Tranche Revolving Borrowing or Multicurrency Tranche Revolving Borrowing;

(iv) in the case of a Eurocurrency Borrowing, the Agreed Currency and initial Interest Period to be applicable thereto, which shall be a period contemplated by the definition of the term "Interest Period"; and

(v) the location and number of the Borrower's account to which funds are to be disbursed, which shall comply with the requirements of Section 2.07.

If no election as to the Type of Revolving Borrowing is specified, then, in the case of a Borrowing denominated in Dollars, the requested Revolving Borrowing shall be an ABR Borrowing made on a pro rata basis under the Dollar Tranche Commitments and the Multicurrency Tranche Commitments as contemplated by Section 2.02(d)(ii). If no Interest Period is specified with respect to any requested Eurocurrency Revolving Borrowing, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. Promptly following receipt of a Borrowing Request in accordance with this Section, the Administrative Agent shall advise each Lender of the details thereof and of the amount of such Lender's Loan to be made as part of the requested Borrowing.

SECTION 2.04. Determination of Dollar Amounts. The Administrative Agent will, in a manner consistent with its customary practices, determine the Dollar Amount of:

(a) each Multicurrency Tranche Eurocurrency Borrowing as of the date two (2) Business Days prior to the date of such Borrowing or, if applicable, the date of conversion/continuation of any Borrowing as a Multicurrency Tranche Eurocurrency Borrowing,

(b) the LC Exposure as of the date of each request for the issuance, amendment, renewal or extension of any Letter of Credit, and

(c) all outstanding Credit Events on and as of the last Business Day of each calendar quarter and, during the continuation of an Event of Default, on any other Business Day elected by the Administrative Agent in its discretion or upon instruction by the Required Lenders.

Each day upon or as of which the Administrative Agent determines Dollar Amounts as described in the preceding clauses (a), (b) and (c) is herein described as a "Computation Date" with respect to each Credit Event for which a Dollar Amount is determined on or as of such day.

SECTION 2.05. Swingline Loans. (a) Subject to the terms and conditions set forth herein, the Swingline Lender agrees to make Swingline Loans in Dollars to the Borrower from time to time during the Availability Period, in an aggregate principal amount at any time outstanding that will not result in (i) the aggregate principal amount of outstanding Swingline Loans exceeding $15,000,000 or (ii) the Dollar Amount of the total Multicurrency Tranche Revolving Credit Exposures exceeding the aggregate Multicurrency Tranche Commitments; provided that the Swingline Lender shall not be required to make a Swingline Loan to refinance an outstanding Swingline Loan. Within the foregoing limits and subject to the terms and conditions set forth herein, the Borrower may borrow, prepay and reborrow Swingline Loans.

(b) To request a Swingline Loan, the Borrower shall notify the Administrative Agent of such request by telephone (confirmed by telecopy), not later than 12:00 noon, New York City time, on the day of a proposed Swingline Loan. Each such notice shall be irrevocable and shall specify the requested date (which shall be a Business Day) and amount of the requested Swingline Loan. The Administrative Agent will promptly advise the Swingline Lender of any such notice received from the Borrower. The Swingline Lender shall make each Swingline Loan available to the Borrower by means of a credit to the general deposit account of the Borrower with the Swingline Lender (or, in the case of a Swingline Loan made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e), by remittance to the Issuing Bank) by 3:00 p.m., New York City time, on the requested date of such Swingline Loan.

(c) The Swingline Lender may by written notice given to the Administrative Agent not later than 10:00 a.m., New York City time, on any Business Day require the Multicurrency Tranche Lenders to acquire participations on such Business Day in all or a portion of the Swingline Loans outstanding. Such notice shall specify the aggregate amount of Swingline Loans in which Multicurrency Tranche Lenders will participate. Promptly upon receipt of such notice, the Administrative Agent will give notice thereof to each Multicurrency Tranche Lender, specifying in such notice such Multicurrency Tranche Lender's Multicurrency Tranche Percentage of such Swingline Loan or Loans. Each Multicurrency Tranche Lender hereby absolutely and unconditionally agrees, upon receipt of notice as provided above, to pay to the Administrative Agent, for the account of the Swingline Lender, such Multicurrency Tranche Lender's Multicurrency Tranche Percentage of such Swingline Loan or Loans. Each Multicurrency Tranche Lender acknowledges and agrees that its obligation to acquire participations in Swingline Loans pursuant to this paragraph is absolute and unconditional and shall not be affected by any circumstance whatsoever, including the occurrence and continuance of a Default or reduction or termination of the Multicurrency Tranche Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever. Each Multicurrency Tranche Lender shall comply with its obligation under this paragraph by wire transfer of immediately available funds, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Multicurrency Tranche Lenders), and the Administrative Agent shall promptly pay to the Swingline Lender the amounts so received by it from the Multicurrency Tranche Lenders. The Administrative Agent shall notify the Borrower of any participations in any Swingline Loan acquired pursuant to this paragraph, and thereafter payments in respect of such Swingline Loan shall be made to the Administrative Agent and not to the Swingline Lender. Any amounts received by the Swingline Lender from the Borrower (or other party on behalf of the Borrower) in respect of a Swingline Loan after receipt by the Swingline Lender of the proceeds of a sale of participations therein pursuant to this Section 2.05(c) shall be promptly remitted to the Administrative Agent; any such amounts received by the Administrative Agent shall be promptly remitted by the Administrative Agent to the Multicurrency Tranche Lenders that shall have made their payments pursuant to this paragraph and to the Swingline Lender, as their interests may appear; provided that any such payment so remitted shall be repaid to the Swingline Lender or to the Administrative Agent, as applicable, if and to the extent such payment is required to be refunded to the Borrower for any reason. The purchase of participations in a Swingline Loan pursuant to this paragraph shall not relieve the Borrower of any default in the payment thereof.

SECTION 2.06. Letters of Credit. (a) General. Subject to the terms and conditions set forth herein, the Borrower may request the issuance of Multicurrency Tranche Letters of Credit denominated in Agreed Currencies and Dollar Tranche Letters of Credit denominated in Dollars, in each case as the applicant thereof for the support of its or its Subsidiaries' obligations, in a form reasonably acceptable to the Administrative Agent and the Issuing Bank, at any time and from time to time during the Availability Period. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of any form of letter of credit application or other agreement submitted by the Borrower to, or entered into by the Borrower with, the Issuing Bank relating to any Letter of Credit, the terms and conditions of this Agreement shall control. Notwithstanding the foregoing, the letters of credit identified on Schedule 2.06 to the Disclosure Letter (the "Existing Letters of Credit") shall be deemed to be "Letters of Credit" issued on the Effective Date for all purposes of the Loan Documents. The Borrower unconditionally and irrevocably agrees that, in connection with any Letter of Credit issued for the support of any Subsidiary's obligations as provided in the first sentence of this paragraph, the Borrower will be fully responsible for the reimbursement of LC Disbursements in accordance with the terms hereof, the payment of interest thereon and the payment of fees due under Section 2.12(b) to the same extent as if it were the sole account party in respect of such Letter of Credit (the Borrower hereby irrevocably waiving any defenses that might otherwise be available to it as a guarantor or surety of the obligations of such a Subsidiary that is an account party in respect of any such Letter of Credit).

(b) Notice of Issuance, Amendment, Renewal, Extension; Certain Conditions. To request the issuance of a Letter of Credit (or the amendment, renewal or extension of an outstanding Letter of Credit), the Borrower shall hand deliver or telecopy (or transmit by electronic communication, if arrangements for doing so have been approved by the Issuing Bank) to the Issuing Bank and the Administrative Agent (reasonably in advance of the requested date of issuance, amendment, renewal or extension) a notice requesting the issuance of a Letter of Credit, or identifying the Letter of Credit to be amended, renewed or extended, and specifying the date of issuance, amendment, renewal or extension (which shall be a Business Day), the date on which such Letter of Credit is to expire (which shall comply with paragraph (c) of this Section), the amount of such Letter of Credit, the Agreed Currency applicable thereto, whether such Letter of Credit is a Multicurrency Tranche Letter of Credit or a Dollar Tranche Letter of Credit, the name and address of the beneficiary thereof and such other information as shall be necessary to prepare, amend, renew or extend such Letter of Credit. If requested by the Issuing Bank, the Borrower also shall submit a letter of credit application on the Issuing Bank's standard form in connection with any request for a Letter of Credit. A Letter of Credit shall be issued, amended, renewed or extended only if (and upon issuance, amendment, renewal or extension of each Letter of Credit the Borrower shall be deemed to represent and warrant that), after giving effect to such issuance, amendment, renewal or extension (i) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the LC Exposure shall not exceed $40,000,000, (ii) subject to Sections 2.04 and 2.11(b), the sum of the Dollar Amount of the total Multicurrency Tranche Revolving Credit Exposures shall not exceed the aggregate Multicurrency Tranche Commitments, (iii) the sum of the total Dollar Tranche Revolving Credit Exposures shall not exceed the aggregate Dollar Tranche Commitments and (iv) subject to Sections 2.04 and 2.11(b), the Dollar Amount of the total outstanding Multicurrency Tranche Revolving Loans and Multicurrency Tranche LC Exposure, in each case denominated in Foreign Currencies, shall not exceed the Foreign Currency Sublimit.

(c) Expiration Date. Each Letter of Credit shall expire (or be subject to termination by notice from the Issuing Bank to the beneficiary thereof) at or prior to the close of business on the earlier of (i) the date eighteen (18) months after the date of the issuance of such Letter of Credit (or, in the case of any renewal or extension thereof, eighteen (18) months after such renewal or extension), and (ii) the date that is five (5) Business Days prior to the Maturity Date.

(d) Participations. By the issuance of a Letter of Credit (or an amendment to a Letter of Credit increasing the amount thereof) and without any further action on the part of the Issuing Bank or any Lender in respect of the Tranche under which such Letter of Credit is issued (each such Lender, an "Applicable Lender"), the Issuing Bank hereby grants to each Applicable Lender, and each Applicable Lender hereby acquires from the Issuing Bank, a participation in such Letter of Credit equal to such Applicable Lender's Applicable Percentage of the aggregate Dollar Amount available to be drawn under such Letter of Credit. In consideration and in furtherance of the foregoing, each Applicable Lender hereby absolutely and unconditionally agrees to pay to the Administrative Agent, for the account of the Issuing Bank, such Applicable Lender's Applicable Percentage of each LC Disbursement made by the Issuing Bank and not reimbursed by the Borrower on the date due as provided in paragraph (e) of this Section, or of any reimbursement payment required to be refunded to the Borrower for any reason. Each Lender acknowledges and agrees that its obligation to acquire participations pursuant to this paragraph in respect of Letters of Credit is absolute and unconditional and shall not be affected by any circumstance whatsoever, including any amendment, renewal or extension of any Letter of Credit or the occurrence and continuance of a Default or reduction or termination of the Commitments, and that each such payment shall be made without any offset, abatement, withholding or reduction whatsoever.

(e) Reimbursement. If the Issuing Bank shall make any LC Disbursement in respect of a Letter of Credit, the Borrower shall reimburse such LC Disbursement by paying to the Administrative Agent in Dollars the Dollar Amount equal to such LC Disbursement, calculated as of the date the Issuing Bank made such LC Disbursement (or if the Issuing Bank shall so elect in its sole discretion by notice to the Borrower, in such other Agreed Currency which was paid by the Issuing Bank pursuant to such LC Disbursement in an amount equal to such LC Disbursement) not later than 12:00 noon, Local Time, on the Business Day immediately following the day that the Borrower receives such notice; provided that, if such LC Disbursement is not less than the Dollar Amount of $1,000,000, the Borrower may, subject to the conditions to borrowing set forth herein, request in accordance with Section 2.03 or 2.05 that such payment be financed with (i) to the extent such LC Disbursement was made in Dollars, an ABR Revolving Borrowing, Eurocurrency Revolving Borrowing or Swingline Loan in Dollars in an amount equal to such LC Disbursement or (ii) to the extent that such LC Disbursement was made in a Foreign Currency, a Eurocurrency Revolving Borrowing in such Foreign Currency in an amount equal to such LC Disbursement and, in each case, to the extent so financed, the Borrower's obligation to make such payment shall be discharged and replaced by the resulting ABR Revolving Borrowing, Eurocurrency Revolving Borrowing or Swingline Loan, as applicable. If the Borrower fails to make such payment when due, the Administrative Agent shall notify each Applicable Lender of the applicable LC Disbursement, the payment then due from the Borrower in respect thereof and such Applicable Lender's Applicable Percentage thereof. Promptly following receipt of such notice, each Applicable Lender shall pay to the Administrative Agent its Applicable Percentage of the payment then due from the Borrower, in the same manner as provided in Section 2.07 with respect to Loans made by such Lender (and Section 2.07 shall apply, mutatis mutandis, to the payment obligations of the Applicable Lenders), and the Administrative Agent shall promptly pay to the Issuing Bank the amounts so received by it from the Applicable Lenders. Promptly following receipt by the Administrative Agent of any payment from the Borrower pursuant to this paragraph, the Administrative Agent shall distribute such payment to the Issuing Bank or, to the extent that Applicable Lenders have made payments pursuant to this paragraph to reimburse the Issuing Bank, then to such Lenders and the Issuing Bank as their interests may appear. Any payment made by an Applicable Lender pursuant to this paragraph to reimburse the Issuing Bank for any LC Disbursement (other than the funding of ABR Revolving Loans, Eurocurrency Loans, or a Swingline Loan as contemplated above) shall not constitute a Loan and shall not relieve the Borrower of its obligation to reimburse such LC Disbursement. If the Borrower's reimbursement of, or obligation to reimburse, any amounts in any Foreign Currency would subject the Administrative Agent, the Issuing Bank or any Multicurrency Tranche Lender to any stamp duty, ad valorem charge or similar tax that would not be payable if such reimbursement were made or required to be made in Dollars, the Borrower shall, at its option, either (x) pay the amount of any such tax requested by the Administrative Agent, the Issuing Bank or the relevant Multicurrency Tranche Lender or (y) reimburse each LC Disbursement made in such Foreign Currency in Dollars, in an amount equal to the Equivalent Amount, calculated using the applicable Exchange Rates, on the date such LC Disbursement is made, of such LC Disbursement.

(f) Obligations Absolute. The Borrower's obligation to reimburse LC Disbursements as provided in paragraph (e) of this Section shall be absolute, unconditional and irrevocable, and shall be performed strictly in accordance with the terms of this Agreement under any and all circumstances whatsoever and irrespective of (i) any lack of validity or enforceability of any Letter of Credit or this Agreement, or any term or provision therein, (ii) any draft or other document presented under a Letter of Credit proving to be forged, fraudulent or invalid in any respect or any statement therein being untrue or inaccurate in any respect, (iii) payment by the Issuing Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit, or (iv) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, the Borrower's obligations hereunder. Neither the Administrative Agent, the Lenders nor the Issuing Bank, nor any of their Related Parties, shall have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Issuing Bank; provided that the foregoing shall not be construed to excuse the Issuing Bank from liability to the Borrower to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by the Borrower to the extent permitted by applicable law) suffered by the Borrower that are caused by the Issuing Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Issuing Bank (as finally determined by a court of competent jurisdiction), the Issuing Bank shall be deemed to have exercised care in each such determination. In furtherance of the foregoing and without limiting the generality thereof, the parties agree that, with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Issuing Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit.

(g) Disbursement Procedures. The Issuing Bank shall, promptly following its receipt thereof, examine all documents purporting to represent a demand for payment under a Letter of Credit. The Issuing Bank shall promptly notify the Administrative Agent and the Borrower by telephone (confirmed by telecopy) of such demand for payment and whether the Issuing Bank has made or will make an LC Disbursement thereunder; provided that any failure to give or delay in giving such notice shall not relieve the Borrower of its obligation to reimburse the Issuing Bank and the Applicable Lenders with respect to any such LC Disbursement.

(h) Interim Interest. If the Issuing Bank shall make any LC Disbursement, then, unless the Borrower shall reimburse such LC Disbursement in full on the date such LC Disbursement is made, the unpaid amount thereof shall bear interest, for each day from and including the date such LC Disbursement is made to but excluding the date that the Borrower reimburses such LC Disbursement, at the rate per annum then applicable to ABR Revolving Loans (or in the case such LC Disbursement is denominated in a Foreign Currency, at the Overnight Foreign Currency Rate for such Agreed Currency plus the then effective Applicable Rate with respect to Eurocurrency Revolving Loans); provided that, if the Borrower fails to reimburse such LC Disbursement when due pursuant to paragraph (e) of this Section, then Section 2.13(c) shall apply. Interest accrued pursuant to this paragraph shall be for the account of the Issuing Bank, except that interest accrued on and after the date of payment by any Applicable Lender pursuant to paragraph (e) of this Section to reimburse the Issuing Bank shall be for the account of such Applicable Lender to the extent of such payment.

(i) Replacement of Issuing Bank. The Issuing Bank may be replaced at any time by written agreement among the Borrower, the Administrative Agent, the replaced Issuing Bank and the successor Issuing Bank. The Administrative Agent shall notify the Lenders of any such replacement of the Issuing Bank. At the time any such replacement shall become effective, the Borrower shall pay all unpaid fees accrued for the account of the replaced Issuing Bank pursuant to Section 2.12(b). From and after the effective date of any such replacement, (i) the successor Issuing Bank shall have all the rights and obligations of the Issuing Bank under this Agreement with respect to Letters of Credit to be issued thereafter and (ii) references herein to the term "Issuing Bank" shall be deemed to refer to such successor or to any previous Issuing Bank, or to such successor and all previous Issuing Banks, as the context shall require. After the replacement of an Issuing Bank hereunder, the replaced Issuing Bank shall remain a party hereto and shall continue to have all the rights and obligations of an Issuing Bank under this Agreement with respect to Letters of Credit then outstanding and issued by it prior to such replacement, but shall not be required to issue additional Letters of Credit.

(j) Cash Collateralization. If any Event of Default shall occur and be continuing, on the Business Day that the Borrower receives notice from the Administrative Agent or the Required Lenders (or, if the maturity of the Loans has been accelerated, Lenders with LC Exposure representing greater than 50% of the total LC Exposure) demanding the deposit of cash collateral pursuant to this paragraph, the Borrower shall deposit in an account with the Administrative Agent, in the name of the Administrative Agent and for the benefit of the Lenders (the "LC Collateral Account"), an amount in cash equal to 105% of the Dollar Amount of the LC Exposure as of such date plus any accrued and unpaid interest thereon; provided that (i) the portions of such amount attributable to undrawn Foreign Currency Letters of Credit or LC Disbursements in a Foreign Currency that the Borrower is not late in reimbursing shall be deposited in the applicable Foreign Currencies in the actual amounts of such undrawn Letters of Credit and LC Disbursements and (ii) the obligation to deposit such cash collateral shall become effective immediately, and such deposit shall become immediately due and payable, without demand or other notice of any kind, upon the occurrence of any Event of Default with respect to the Borrower described in clause (h) or (i) of Section 7.01. For the purposes of this paragraph, the Foreign Currency LC Exposure shall be calculated using the applicable Exchange Rate on the date notice demanding cash collateralization is delivered to the Borrower. The Borrower also shall deposit cash collateral pursuant to this paragraph as and to the extent required by Section 2.11(b). Such deposit shall be held by the Administrative Agent as collateral for the payment and performance of the Obligations. The Administrative Agent shall have exclusive dominion and control, including the exclusive right of withdrawal, over such account. Other than any interest earned on the investment of such deposits, which investments shall be made at the option and sole discretion of the Administrative Agent and at the Borrower's risk and expense, such deposits shall not bear interest. Interest or profits, if any, on such investments shall accumulate in such account. Moneys in such account shall be applied by the Administrative Agent to reimburse the Issuing Bank for LC Disbursements for which it has not been reimbursed and, to the extent not so applied, shall be held for the satisfaction of the reimbursement obligations of the Borrower for the LC Exposure at such time or, if the maturity of the Loans has been accelerated (but subject to the consent of Lenders with LC Exposure representing greater than 50% of the total LC Exposure), be applied to satisfy other Obligations. If the Borrower is required to provide an amount of cash collateral hereunder as a result of the occurrence of an Event of Default, such amount (to the extent not applied as aforesaid) shall be returned to the Borrower within three (3) Business Days after all Events of Default have been cured or waived.

SECTION 2.07. Funding of Borrowings. (a) Each Lender shall make each Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds (i) in the case of Loans denominated in Dollars, by 2:00 p.m., New York City time, to the account of the Administrative Agent most recently designated by it for such purpose by notice to the Lenders and (ii) in the case of each Loan denominated in a Foreign Currency, by 12:00 noon, Local Time, in the city of the Administrative Agent's Eurocurrency Payment Office for such currency and at such Eurocurrency Payment Office for such currency; provided that Swingline Loans shall be made as provided in Section 2.05. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts so received, in like funds, to (x) an account of the Borrower maintained with the Administrative Agent and designated by the Borrower in the applicable Borrowing Request, in the case of Loans denominated in Dollars and (y) an account of the Borrower as designated by the Borrower in the applicable Borrowing Request, in the case of Loans denominated in a Foreign Currency; provided that ABR Revolving Loans made to finance the reimbursement of an LC Disbursement as provided in Section 2.06(e) shall be remitted by the Administrative Agent to the Issuing Bank.

(b) Unless the Administrative Agent shall have received notice from a Lender prior to the proposed date of any Borrowing (or, in the case of an ABR Borrowing, prior to 1:00 p.m. New York City time on the date of such Borrowing) that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such share available on such date in accordance with paragraph (a) of this Section and may, in reliance upon such assumption, make available to the Borrower a corresponding amount. In such event, if a Lender has not in fact made its share of the applicable Borrowing available to the Administrative Agent, then the applicable Lender and the Borrower severally agree to pay to the Administrative Agent forthwith on demand such corresponding amount with interest thereon, for each day from and including the date such amount is made available to the Borrower to but excluding the date of payment to the Administrative Agent, at (i) in the case of such Lender, the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency) or (ii) in the case of the Borrower, the interest rate applicable to ABR Loans. If such Lender pays such amount to the Administrative Agent, then such amount shall constitute such Lender's Loan included in such Borrowing.

SECTION 2.08. Interest Elections. (a) Each Revolving Borrowing initially shall be of the Type specified in the applicable Borrowing Request and, in the case of a Eurocurrency Revolving Borrowing, shall have an initial Interest Period as specified in such Borrowing Request. Thereafter, the Borrower may elect to convert such Borrowing to a different Type or to continue such Borrowing and, in the case of a Eurocurrency Revolving Borrowing, may elect Interest Periods therefor, all as provided in this Section. The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding the Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing. This Section shall not apply to Swingline Borrowings, which may not be converted or continued.

(b) To make an election pursuant to this Section, the Borrower shall notify the Administrative Agent of such election (by telephone or irrevocable written notice in the case of a Borrowing denominated in Dollars or by irrevocable written notice (via an Interest Election Request in the form attached hereto as Exhibit J and signed by the Borrower) in the case of a Borrowing denominated in a Foreign Currency) by the time that a Borrowing Request would be required under Section 2.03 if the Borrower were requesting a Revolving Borrowing of the Type resulting from such election to be made on the effective date of such election. Each such telephonic Interest Election Request shall be irrevocable and shall be confirmed promptly by hand delivery or telecopy to the Administrative Agent of a written Interest Election Request in the form attached hereto as Exhibit J and signed by the Borrower. Notwithstanding any contrary provision herein, this Section shall not be construed to permit the Borrower to (i) change the currency of any Borrowing, (ii) elect an Interest Period for Eurocurrency Loans that does not comply with Section 2.02(d) or (iii) convert any Borrowing to a Borrowing of a Type not available under the Class of Commitments pursuant to which such Borrowing was made.

(c) Each telephonic and written Interest Election Request shall specify the following information in compliance with Section 2.02:

(i) the Borrowing to which such Interest Election Request applies and, if different options are being elected with respect to different portions thereof, the portions thereof to be allocated to each resulting Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) below shall be specified for each resulting Borrowing);

(ii) the effective date of the election made pursuant to such Interest Election Request, which shall be a Business Day;

(iii) whether such Borrowing is to be an ABR Borrowing or a Eurocurrency Borrowing and whether (subject to the requirements of Section 2.02(d)(ii)) such Borrowing is to be a Dollar Tranche Revolving Borrowing or Multicurrency Tranche Revolving Borrowing; and

(iv) if the resulting Borrowing is a Eurocurrency Borrowing, the Interest Period and Agreed Currency to be applicable thereto after giving effect to such election, which Interest Period shall be a period contemplated by the definition of the term “Interest Period”.

If any such Interest Election Request requests a Eurocurrency Borrowing but does not specify an Interest Period, then the Borrower shall be deemed to have selected an Interest Period of one month’s duration.

(d) Promptly following receipt of an Interest Election Request, the Administrative Agent shall advise each Lender of the details thereof and of such Lender’s portion of each resulting Borrowing.

(e) If the Borrower fails to deliver a timely Interest Election Request with respect to a Eurocurrency Revolving Borrowing prior to the end of the Interest Period applicable thereto, then, unless such Borrowing is repaid as provided herein, at the end of such Interest Period (i) in the case of a Borrowing denominated in Dollars, such Borrowing shall be converted to an ABR Borrowing and (ii) in the case of a Borrowing denominated in a Foreign Currency in respect of which the Borrower shall have failed to deliver an Interest Election Request prior to the third (3rd) Business Day preceding the end of such Interest Period, such Borrowing shall automatically continue as a Eurocurrency Borrowing in the same Agreed Currency with an Interest Period of one month unless such Eurocurrency Borrowing is or was repaid in accordance with Section 2.11. Notwithstanding any contrary provision hereof, if an Event of Default has occurred and is continuing and the Administrative Agent, at the request of the Required Lenders, so notifies the Borrower, then, so long as an Event of Default is continuing (i) no outstanding Revolving Borrowing denominated in Dollars may be converted to or continued as a Eurocurrency Borrowing, (ii) unless repaid, each Eurocurrency Revolving Borrowing denominated in Dollars shall be converted to an ABR Borrowing at the end of the Interest Period applicable thereto and (iii) unless repaid, each Eurocurrency Revolving Borrowing denominated in a Foreign Currency shall automatically be continued as a Eurocurrency Borrowing with an Interest Period of one month.

SECTION 2.09. Termination and Reduction of Commitments. (a) Unless previously terminated, the Commitments shall terminate on the Maturity Date.

(b) The Borrower may at any time terminate, or from time to time reduce, the Commitments of any Class; provided that (i) each reduction of the Commitments of any Class shall be in an amount that is an integral multiple of $1,000,000 and not less than $10,000,000, (ii) the Borrower shall not terminate or reduce the Dollar Tranche Commitments if and to the extent that, after giving effect to any concurrent prepayment of the Dollar Tranche Revolving Loans in accordance with Section 2.11, the sum of the total Dollar Tranche Revolving Credit Exposures would exceed the aggregate Dollar Tranche Commitments and (iii) the Borrower shall not terminate or reduce the Multicurrency Tranche Commitments if and to the extent that, after giving effect to any concurrent prepayment of the Multicurrency Tranche Revolving Loans in accordance with Section 2.11, the Dollar Amount of the sum of the total Multicurrency Tranche Revolving Credit Exposures would exceed the aggregate Multicurrency Tranche Commitments.

(c) The Borrower shall notify the Administrative Agent of any election to terminate or reduce the Commitments of any Class under paragraph (b) of this Section at least three (3) Business Days prior to the effective date of such termination or reduction, specifying such election and the effective date thereof. Promptly following receipt of any notice, the Administrative Agent shall advise the Lenders of the contents thereof. Each notice delivered by the Borrower pursuant to this Section shall be irrevocable; provided that a notice of termination of the Commitments of any Class delivered by the Borrower may state that such notice is conditioned upon the effectiveness of other credit facilities or other transactions or events specified therein, in which case such notice may be revoked by the Borrower (by notice to the Administrative Agent on or prior to the specified effective date) if such condition is not satisfied. Any termination or reduction of the Commitments of any Class shall be permanent. Each reduction of the Commitments of any Class shall be made ratably among the Lenders in accordance with their respective Commitments of any Class.

SECTION 2.10. Repayment of Loans; Evidence of Debt. (a) The Borrower hereby unconditionally promises to pay (i) to the Administrative Agent for the account of each Lender the then unpaid principal amount of each Revolving Loan on the Maturity Date in the currency of such Loan and (ii) to the Swingline Lender the then unpaid principal amount of each Swingline Loan on the earlier of the Maturity Date and the first date after such Swingline Loan is made that is the 15th or last day of a calendar month and is at least two (2) Business Days after such Swingline Loan is made; provided that on each date that a Revolving Borrowing is made, the Borrower shall repay all Swingline Loans then outstanding.

(b) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender, including the amounts of principal and interest payable and paid to such Lender from time to time hereunder.

(c) The Administrative Agent shall maintain accounts in which it shall record (i) the amount of each Loan made hereunder, the Class, Agreed Currency and Type thereof and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder for the account of the Lenders and each Lender's share thereof.

(d) The entries made in the accounts maintained pursuant to paragraph (b) or (c) of this Section shall be prima facie evidence of the existence and amounts of the obligations recorded therein; provided that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans in accordance with the terms of this Agreement.

(e) Any Lender may request that Loans made by it be evidenced by a promissory note. In such event, the Borrower shall prepare, execute and deliver to such Lender a promissory note payable to the order of such Lender (or, if requested by such Lender, to such Lender and its registered assigns) and in the form attached hereto as Exhibit K. Thereafter, the Loans evidenced by such promissory note and interest thereon shall at all times (including after assignment pursuant to Section 9.04) be represented by one or more promissory notes in such form payable to the order of the payee named therein (or, if any such promissory note is a registered note, to such payee and its registered assigns).

SECTION 2.11. Prepayment of Loans.

(a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing in whole or in part, subject to prior notice in accordance with the provisions of this Section 2.11(a). The Borrower shall notify the Administrative Agent (and, in the case of prepayment of a Swingline Loan, the Swingline Lender) by written notice (which notice shall be signed by the Borrower and may be delivered by electronic means in accordance with Section 9.01, promptly followed by telephonic confirmation of such request) of any prepayment hereunder (i) in the case of prepayment of a Eurocurrency Revolving Borrowing, not later than 12:00 noon, Local Time, three (3) Business Days (in the case of a Eurocurrency Borrowing denominated in Dollars) or four (4) Business Days (in the case of a Eurocurrency Borrowing denominated in a Foreign Currency), in each case before the date of prepayment, (ii) in the case of prepayment of an ABR Revolving Borrowing, not later than 12:00 noon, New York City time, on the date of prepayment or (iii) in the case of prepayment of a Swingline Loan, not later than 12:00 noon, New York City time, on the date of prepayment. Each such notice shall be irrevocable and shall specify the prepayment date and the principal amount of each Borrowing or portion thereof to be prepaid; provided that, if a notice of prepayment is given in connection with a conditional notice of termination of the Commitments as contemplated by Section 2.09, then such notice of prepayment may be revoked if such notice of termination is revoked in accordance with Section 2.09. Promptly following receipt of any such notice relating to a Revolving Borrowing, the Administrative Agent shall advise the Lenders of the contents thereof. Each partial prepayment of any Revolving Borrowing shall be in an amount that would be permitted in the case of an advance of a Revolving Borrowing of the same Type as provided in Section 2.02. Each prepayment of a Revolving Borrowing shall be applied ratably to the Loans included in the prepaid Borrowing. Prepayments shall be accompanied by (i) accrued interest to the extent required by Section 2.13 and (ii) break funding payments pursuant to Section 2.16.

(b) If at any time, (i) other than as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Revolving Credit Exposures of any Class (calculated, with respect to those Credit Events denominated in Foreign Currencies, as of the most recent Computation Date with respect to each such Credit Event) exceeds the aggregate Commitments of such Class or (B) the sum of the aggregate principal Dollar Amount of all of the outstanding Multicurrency Tranche Revolving Credit Exposures denominated in Foreign Currencies (the "Foreign Currency Exposure") (so calculated), as of the most recent Computation Date with respect to each such Credit Event, exceeds the Foreign Currency Sublimit or (ii) solely as a result of fluctuations in currency exchange rates, (A) the sum of the aggregate principal Dollar Amount of all of the Multicurrency Tranche Revolving Credit Exposures (so calculated) exceeds 105% of the aggregate Multicurrency Tranche Commitments or (B) the Foreign Currency Exposure, as of the most recent Computation Date with respect to each such Credit Event, exceeds 105% of the Foreign Currency Sublimit, the Borrower shall in each case immediately repay Borrowings or cash collateralize LC Exposure in an account with the Administrative Agent pursuant to Section 2.06(j), as applicable, in an aggregate principal amount sufficient to cause (x) the aggregate Dollar Amount of all Revolving Credit Exposures (so calculated) of each Class to be less than or equal to the aggregate Commitments of such Class and (y) the Foreign Currency Exposure to be less than or equal to the Foreign Currency Sublimit, as applicable.

SECTION 2.12. Fees. (a) The Borrower agrees to pay to the Administrative Agent for the account of each Lender a commitment fee, which shall accrue at the Applicable Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period from and including the Effective Date to but excluding the date on which the Commitments of such Lender terminate; provided that, if such Lender continues to have any Revolving Credit Exposure after its Commitments terminate, then such commitment fee shall continue to accrue on the average daily amount of such Lender's Revolving Credit Exposure from and including the date on which its Commitments terminate to but excluding the date on which such Lender ceases to have any Revolving Credit Exposure. Accrued commitment fees shall be payable in arrears on the last day of March, June, September and December of each year and on the date on which the Commitments terminate, commencing on the first such date to occur after the date hereof; provided that any commitment fees accruing after the date on which the Commitments terminate shall be payable on demand. All commitment fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day).

(b) The Borrower agrees to pay (i) to the Administrative Agent for the account of each Lender a participation fee with respect to its participations in Letters of Credit, which shall accrue at the same Applicable Rate used to determine the interest rate applicable to Eurocurrency Revolving Loans on the average daily Dollar Amount of such Lender's LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) during the period from and including the Effective Date to but excluding the later of the date on which such Lender's Commitments terminate and the date on which such Lender ceases to have any LC Exposure and (ii) to the Issuing Bank for its own account a fronting fee, which shall accrue at the rate of 0.125% per annum on the average daily Dollar Amount of the LC Exposure (excluding any portion thereof attributable to unreimbursed LC Disbursements) attributable to Letters of Credit issued by the Issuing Bank during the period from and including the Effective Date to but excluding the later of the date of termination of the Commitments and the date on which there ceases to be any LC Exposure, as well as the Issuing Bank's standard fees and commissions with respect to the issuance, amendment, cancellation, negotiation, transfer, presentment, renewal or extension of any Letter of Credit or processing of drawings thereunder. Participation fees and fronting fees accrued through and including the last day of March, June, September and December of each year shall be payable on the third (3rd) Business Day following such last day, commencing on the first such date to occur after the Effective Date; provided that all such fees shall be payable on the date on which the Commitments terminate and any such fees accruing after the date on which the Commitments terminate shall be payable on demand. Any other fees payable to the Issuing Bank pursuant to this paragraph shall be payable within ten (10) days after demand. All participation fees and fronting fees shall be computed on the basis of a year of 360 days and shall be payable for the actual number of days elapsed (including the first day but excluding the last day). Participation fees and fronting fees in respect of Letters of Credit denominated in Dollars shall be paid in Dollars, and participation fees and fronting fees in respect of Letters of Credit denominated in a Foreign Currency shall be paid in such Foreign Currency.

(c) The Borrower agrees to pay to the Administrative Agent, for its own account, fees payable in the amounts and at the times separately agreed upon between the Borrower and the Administrative Agent.

(d) All fees payable hereunder shall be paid on the dates due, in Dollars (except as otherwise expressly provided in this Section 2.12) and immediately available funds, to the Administrative Agent (or to the Issuing Bank, in the case of fees payable to it) for distribution, in the case of commitment fees and participation fees, to the applicable Lenders. Any such fees paid shall not be refundable under any circumstances.

SECTION 2.13. Interest. (a) The Loans comprising each ABR Borrowing (including each Swingline Loan) shall bear interest at the Alternate Base Rate plus the Applicable Rate.

(b) The Loans comprising each Eurocurrency Borrowing shall bear interest at the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Rate.

(c) Notwithstanding the foregoing, if any principal of or interest on any Loan or any fee or other amount payable by the Borrower hereunder is not paid when due, whether at stated maturity, upon acceleration or otherwise, such overdue amount shall bear interest, after as well as before judgment, at a rate per annum equal to (i) in the case of overdue principal of any Loan, 2% plus the rate otherwise applicable to such Loan as provided in the preceding paragraphs of this Section or (ii) in the case of any other amount, 2% plus the rate applicable to ABR Loans as provided in paragraph (a) of this Section.

(d) Accrued interest on each Loan shall be payable in arrears on each Interest Payment Date for such Loan and upon termination of the Commitments; provided that (i) interest accrued pursuant to paragraph (c) of this Section shall be payable on demand, (ii) in the event of any repayment or prepayment of any Loan (other than a prepayment of an ABR Revolving Loan prior to the end of the Availability Period), accrued interest on the principal amount repaid or prepaid shall be payable on the date of such repayment or prepayment and (iii) in the event of any conversion of any Eurocurrency Revolving Loan prior to the end of the current Interest Period therefor, accrued interest on such Loan shall be payable on the effective date of such conversion.

(e) All interest hereunder shall be computed on the basis of a year of 360 days, except that interest (i) computed by reference to the Alternate Base Rate at times when the Alternate Base Rate is based on the Prime Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year) and (ii) for Borrowings denominated in Pounds Sterling shall be computed on the basis of a year of 365 days, and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Alternate Base Rate, Adjusted LIBO Rate or LIBO Rate shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

SECTION 2.14. Alternate Rate of Interest.

(a) If at the time that the Administrative Agent shall seek to determine the LIBOR Screen Rate on the Quotation Day for any Interest Period for a Eurocurrency Borrowing the LIBOR Screen Rate shall not be available for such Interest Period and/or for the applicable currency with respect to such Eurocurrency Borrowing for any reason, and the Administrative Agent shall reasonably determine that it is not possible to determine the Interpolated Rate (which conclusion shall be conclusive and binding absent manifest error), then the Reference Bank Rate shall be the LIBO Rate for such Interest Period for such Eurocurrency Borrowing; provided that if the Reference Bank Rate shall be less than zero, such rate shall be deemed to be zero for purposes of this Agreement; provided, further, however, that if less than two Reference Banks shall supply a rate to the Administrative Agent for purposes of determining the LIBO Rate for such Eurocurrency Borrowing, (i) if such Borrowing shall be requested in Dollars, then such Borrowing shall be made as an ABR Borrowing at the Alternate Base Rate and (ii) if such Borrowing shall be requested in any Foreign Currency, the LIBO Rate shall be equal to the cost to each Lender to fund its pro rata share of such Eurocurrency Borrowing (from whatever source and using whatever methodologies as such Lender may select in its reasonable discretion); such rate, the "COF Rate").

(b) If prior to the commencement of any Interest Period for a Eurocurrency Borrowing:

(i) the Administrative Agent determines (which determination shall be conclusive and binding absent manifest error) that adequate and reasonable means do not exist for ascertaining the Adjusted LIBO Rate or the LIBO Rate, as applicable, for a Loan in the applicable currency or for the applicable Interest Period; or

(ii) the Administrative Agent is advised by the Majority in Interest of the Lenders of any Class that the Adjusted LIBO Rate or the LIBO Rate, as applicable, for a Loan in the applicable currency or for the applicable Interest Period will not adequately and fairly reflect the cost to such Lenders of making or maintaining their Loans included in such Borrowing for such Interest Period;

then the Administrative Agent shall give notice thereof to the Borrower and the Lenders by telephone or telecopy as promptly as practicable thereafter and, until the Administrative Agent notifies the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) any Interest Election Request that requests the conversion of any Borrowing to, or continuation of any Borrowing as, a Eurocurrency Borrowing in the applicable currency or for the applicable Interest Period, as the case may be, shall be ineffective, (ii) if any Borrowing Request requests a Eurocurrency Borrowing in Dollars, such Borrowing shall be made as an ABR Borrowing and (iii) if any Borrowing Request requests a Eurocurrency Borrowing in a Foreign Currency, then the LIBO Rate for such Eurocurrency Borrowing shall be the COF Rate; provided that if the circumstances giving rise to such notice affect only one Type of Borrowings, then the other Type of Borrowings shall be permitted.

SECTION 2.15. Increased Costs. (a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit, liquidity or similar requirement (including any compulsory loan requirement, insurance charge or other assessment) against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate) or the Issuing Bank;

(ii) impose on any Lender or the Issuing Bank or the London interbank market any other condition, cost or expense affecting this Agreement or Loans made by such Lender or any Letter of Credit or participation therein; or

(iii) subject any Recipient to any Taxes on its loans, loan principal, letters of credit, commitments, or other obligations, or its deposits, reserves, other liabilities or capital attributable thereto (other than (A) Indemnified Taxes, (B) Taxes described in clauses (b) through (e) of the definition of Excluded Taxes and (C) Connection Income Taxes);

and the result of any of the foregoing shall be to increase the cost to such Lender or such other Recipient of making, continuing, converting into or maintaining any Loan or of maintaining its obligation to make any such Loan (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to increase the cost to such Lender, the Issuing Bank or such other Recipient of participating in, issuing or maintaining any Letter of Credit (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency) or to reduce the amount of any sum received or receivable by such Lender, the Issuing Bank or such other Recipient hereunder, whether of principal, interest or otherwise (including, without limitation, pursuant to any conversion of any Borrowing denominated in an Agreed Currency into a Borrowing denominated in any other Agreed Currency), then the Borrower will pay to such Lender, the Issuing Bank or such other Recipient, as the case may be, such additional amount or amounts as will compensate such Lender, the Issuing Bank or such other Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) If any Lender or the Issuing Bank determines that any Change in Law regarding capital or liquidity requirements has or would have the effect of reducing the rate of return on such Lender's or the Issuing Bank's capital or on the capital of such Lender's or the Issuing Bank's holding company, if any, as a consequence of this Agreement or the Loans made by, or participations in Letters of Credit held by, such Lender, or the Letters of Credit issued by the Issuing Bank, to a level below that which such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company could have achieved but for such Change in Law (taking into consideration such Lender's or the Issuing Bank's policies and the policies of such Lender's or the Issuing Bank's holding company with respect to capital adequacy and liquidity), then from time to time the Borrower will pay to such Lender or the Issuing Bank, as the case may be, such additional amount or amounts as will compensate such Lender or the Issuing Bank or such Lender's or the Issuing Bank's holding company for any such reduction suffered.

(c) A certificate of a Lender or the Issuing Bank setting forth the amount or amounts necessary to compensate such Lender or the Issuing Bank or its holding company, as the case may be, as specified in paragraph (a) or (b) of this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender or the Issuing Bank, as the case may be, the amount shown as due on any such certificate within ten (10) days after receipt thereof.

(d) Failure or delay on the part of any Lender or the Issuing Bank to demand compensation pursuant to this Section shall not constitute a waiver of such Lender's or the Issuing Bank's right to demand such compensation; provided that the Borrower shall not be required to compensate a Lender or the Issuing Bank pursuant to this Section for any increased costs or reductions incurred more than 180 days prior to the date that such Lender or the Issuing Bank, as the case may be, notifies the Borrower of the Change in Law giving rise to such increased costs or reductions and of such Lender's or the Issuing Bank's intention to claim compensation therefor; provided further that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the 180-day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 2.16. Break Funding Payments. In the event of (a) the payment of any principal of any Eurocurrency Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default or as a result of any prepayment pursuant to Section 2.11), (b) the conversion of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto, (c) the failure to borrow, convert, continue or prepay any Eurocurrency Loan on the date specified in any notice delivered pursuant hereto (regardless of whether such notice may be revoked under Section 2.11(a) and is revoked in accordance therewith) or (d) the assignment of any Eurocurrency Loan other than on the last day of the Interest Period applicable thereto as a result of a request by the Borrower pursuant to Section 2.19 or the CAM Exchange, then, in any such event, the Borrower shall compensate each Lender for the loss, cost and expense attributable to such event. Such loss, cost or expense to any Lender shall be deemed to include an amount determined by such Lender to be the excess, if any, of (i) the amount of interest which would have accrued on the principal amount of such Loan had such event not occurred, at the Adjusted LIBO Rate that would have been applicable to such Loan, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Loan), over (ii) the amount of interest which would accrue on such principal amount for such period at the interest rate which such Lender would bid were it to bid, at the commencement of such period, for deposits in the relevant currency of a comparable amount and period from other banks in the eurocurrency market. A certificate of any Lender setting forth any amount or amounts that such Lender is entitled to receive pursuant to this Section shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate within ten (10) days after receipt thereof.

SECTION 2.17. Taxes. (a) Withholding of Taxes; Gross-Up. Each payment by any Loan Party under any Loan Document shall be made without withholding for any Taxes, unless such withholding is required by any law. If any Withholding Agent determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Withholding Agent may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by such Loan Party shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the applicable Recipient receives the amount it would have received had no such withholding been made.

(b) Payment of Other Taxes by the Borrower. The Borrower shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) Evidence of Payments. As soon as practicable after any payment of Indemnified Taxes by any Loan Party to a Governmental Authority, such Loan Party shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Indemnification by the Borrower. The Borrower shall indemnify each Recipient for any Indemnified Taxes that are paid or payable by such Recipient in connection with any Loan Document (including amounts paid or payable under this Section 2.17(d)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(d) shall be paid within ten (10) days after the Recipient delivers to the Borrower a certificate stating the amount of any Indemnified Taxes so paid or payable by such Recipient and describing the basis for the indemnification claim. Such certificate shall be conclusive of the amount so paid or payable absent manifest error. Such Recipient shall deliver a copy of such certificate to the Administrative Agent.

(e) Indemnification by the Lenders. Each Lender shall severally indemnify the Administrative Agent for (i) any Indemnified Taxes (but only to the extent that any Loan Party has not already indemnified the Administrative Agent for such Indemnified Taxes and without limiting the obligation of the Loan Parties to do so) attributable to such Lender, (ii) any Taxes attributable to such Lender's failure to comply with the provisions of Section 9.04(c) relating to the maintenance of a Participant Register and (iii) any Excluded Taxes attributable to such Lender, in each case that are paid or payable by the Administrative Agent or the applicable Loan Party (as applicable) in connection with any Loan Document and any reasonable expenses arising therefrom or with respect thereto, whether or not such Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 2.17(e) shall be paid within ten (10) days after the Administrative Agent delivers to the applicable Lender a certificate stating the amount of Taxes so paid or payable by the Administrative Agent. Such certificate shall be conclusive of the amount so paid or payable absent manifest error.

(f) Status of Lenders. (i) Any Lender that is entitled to an exemption from, or reduction of, any applicable withholding Tax with respect to any payments under any Loan Document shall deliver to the Borrower and the Administrative Agent, at the time or times reasonably requested by the Borrower or the Administrative Agent, such properly completed and executed documentation reasonably requested by the Borrower or the Administrative Agent as will permit such payments to be made without, or at a reduced rate of, withholding. In addition, any Lender, if requested by the Borrower or the Administrative Agent, shall deliver such other documentation prescribed by law or reasonably requested by the Borrower or the Administrative Agent as will enable the Borrower or the Administrative Agent to determine whether or not such Lender is subject to any withholding (including backup withholding) or information reporting requirements. Notwithstanding anything to the contrary in the preceding two sentences, the completion, execution and submission of such documentation (other than such documentation set forth in Section 2.17(f)(ii)(A) through (E) below) shall not be required if in the Lender's judgment such completion, execution or submission would subject such Lender to any material unreimbursed cost or expense or would materially prejudice the legal or commercial position of such Lender. Upon the reasonable request of the Borrower or the Administrative Agent, any Lender shall update any form or certification previously delivered pursuant to this Section 2.17(f). If any form or certification previously delivered pursuant to this Section expires or becomes obsolete or inaccurate in any respect with respect to a Lender, such Lender shall promptly (and in any event within ten (10) days after such expiration, obsolescence or inaccuracy) notify the Borrower and the Administrative Agent in writing of such expiration, obsolescence or inaccuracy and update the form or certification if it is legally eligible to do so.

(ii) Without limiting the generality of the foregoing, if the Borrower is a U.S. Person, any Lender with respect to the Borrower shall, if it is legally eligible to do so, deliver to the Borrower and the Administrative Agent (in such number of copies reasonably requested by the Borrower and the Administrative Agent) on or prior to the date on which such Lender becomes a party hereto, duly completed and executed copies of whichever of the following is applicable:

(A) in the case of a Lender that is a U.S. Person, IRS Form W-9 certifying that such Lender is exempt from U.S. Federal backup withholding tax;

(B) in the case of a Non-U.S. Lender claiming the benefits of an income tax treaty to which the United States is a party (1) with respect to payments of interest under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "interest" article of such tax treaty and (2) with respect to any other applicable payments under any Loan Document, IRS Form W-8BEN establishing an exemption from, or reduction of, U.S. Federal withholding Tax pursuant to the "business profits" or "other income" article of such tax treaty;

(C) in the case of a Non-U.S. Lender for whom payments under any Loan Document constitute income that is effectively connected with such Lender's conduct of a trade or business in the United States, IRS Form W-8ECI;

(D) in the case of a Non-U.S. Lender claiming the benefits of the exemption for portfolio interest under Section 881(c) of the Code both (1) IRS Form W-8BEN and (2) a certificate substantially in the form of Exhibit G (a "U.S. Tax Certificate") to the effect that such Lender is not (a) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (b) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, (c) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (d) conducting a trade or business in the United States with which the relevant interest payments are effectively connected;

(E) in the case of a Non-U.S. Lender that is not the beneficial owner of payments made under this Agreement (including a partnership or a participating Lender) (1) an IRS Form W-8IMY on behalf of itself and (2) the relevant forms prescribed in clauses (A), (B), (C), (D) and (F) of this paragraph (f)(ii) that would be required of each such beneficial owner or partner of such partnership if such beneficial owner or partner were a Lender; provided, however, that if the Lender is a partnership and one or more of its partners are claiming the exemption for portfolio interest under Section 881(c) of the Code, such Lender may provide a U.S. Tax Certificate on behalf of such partners; or

(F) any other form prescribed by law as a basis for claiming exemption from, or a reduction of, U.S. Federal withholding Tax together with such supplementary documentation necessary to enable the Borrower or the Administrative Agent to determine the amount of Tax (if any) required by law to be withheld.

(iii) If a payment made to a Lender under any Loan Document would be subject to U.S. Federal withholding Tax imposed by FATCA if such Lender were to fail to comply with the applicable reporting requirements of FATCA (including those contained in Section 1471(b) or 1472(b) of the Code, as applicable), such Lender shall deliver to the Withholding Agent, at the time or times prescribed by law and at such time or times reasonably requested by the Withholding Agent, such documentation prescribed by applicable law (including as prescribed by Section 1471(b)(3)(C)(i) of the Code) and such additional documentation reasonably requested by the Withholding Agent as may be necessary for the Withholding Agent to comply with its obligations under FATCA, to determine that such Lender has or has not complied with such Lender's obligations under FATCA and, as necessary, to determine the amount to deduct and withhold from such payment. Solely for purposes of this Section 2.17(f)(iii), "FATCA" shall include any amendments made to FATCA after the date of this Agreement.

(g) Treatment of Certain Refunds. If any party determines, in its sole discretion exercised in good faith, that it has received a refund of any Taxes as to which it has been indemnified pursuant to this Section 2.17 (including additional amounts paid pursuant to this Section 2.17), it shall pay to the indemnifying party an amount equal to such refund (but only to the extent of indemnity payments made under this Section with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses (including any Taxes) of such indemnified party and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund). Such indemnifying party, upon the request of such indemnified party, shall repay to such indemnified party the amount paid to such indemnifying party pursuant to the previous sentence (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) in the event such indemnified party is required to repay such refund to such Governmental Authority. Notwithstanding anything to the contrary in this Section 2.17(g), in no event will any indemnified party be required to pay any amount to any indemnifying party pursuant to this Section 2.17(g) if such payment would place such indemnified party in a less favorable position (on a net after-Tax basis) than such indemnified party would have been in if the indemnification payments or additional amounts giving rise to such refund had never been paid. This Section 2.17(g) shall not be construed to require any indemnified party to make available its Tax returns (or any other information relating to its Taxes which it deems confidential) to the indemnifying party or any other Person.

(h) Definitions. For purposes of Section 2.17, the term "Lender" includes the Issuing Bank and the term "applicable law" includes FATCA.

(i) Reasonable Efforts. Any Lender or assignee claiming any additional amounts payable pursuant to this Section 2.17 agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to change the jurisdiction of its lending office if the making of such a change would avoid the need for, or reduce the amount of, any such additional amounts that may thereafter accrue and would not, in the reasonable judgment of such Lender or assignee, be otherwise disadvantageous to such Lender or assignee.

SECTION 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees or reimbursement of LC Disbursements, or of amounts payable under Section 2.15, 2.16 or 2.17, or otherwise) prior to (i) in the case of payments denominated in Dollars, 12:00 noon, New York City time and (ii) in the case of payments denominated in a Foreign Currency, 12:00 noon, Local Time, in the city of the Administrative Agent's Eurocurrency Payment Office for such currency, in each case on the date when due, in immediately available funds, without set-off or counterclaim. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made (i) in the same currency in which the applicable Credit Event was made (or where such currency has been converted to euro, in euro) and (ii) to the Administrative Agent at its offices at 10 South Dearborn Street, 7th Floor, Chicago, Illinois 60603 or, in the case of a Credit Event denominated in a Foreign Currency, the Administrative Agent's Eurocurrency Payment Office for such currency, except payments to be made directly to the Issuing Bank or Swingline Lender as expressly provided herein and except that payments pursuant to Sections 2.15, 2.16, 2.17 and 9.03 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments denominated in the same currency received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be payable for the period of such extension. Notwithstanding the foregoing provisions of this Section, if, after the making of any Credit Event in any Foreign Currency, currency control or exchange regulations are imposed in the country which issues such currency with the result that the type of currency in which the Credit Event was made (the "Original Currency") no longer exists or the Borrower is not able to make payment to the Administrative Agent for the account of the Lenders in such Original Currency, then all payments to be made by the Borrower hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of repayment) of such payment due, it being the intention of the parties hereto that the Borrower takes all risks of the imposition of any such currency control or exchange regulations.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, unreimbursed LC Disbursements, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal and unreimbursed LC Disbursements then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal and unreimbursed LC Disbursements then due to such parties.

(c) At the election of the Administrative Agent, all payments of principal, interest, LC Disbursements, fees, premiums, reimbursable expenses (including, without limitation, all reimbursement for fees and expenses pursuant to Section 9.03), and other sums payable under the Loan Documents, may be paid from the proceeds of Borrowings made hereunder whether made following a request by the Borrower pursuant to Section 2.03 or a deemed request as provided in this Section or may be deducted from any deposit account of the Borrower maintained with the Administrative Agent. The Borrower hereby irrevocably authorizes (i) the Administrative Agent to make a Borrowing for the purpose of paying each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents and agrees that all such amounts charged shall constitute Loans (including Swingline Loans) and that all such Borrowings shall be deemed to have been requested pursuant to Sections 2.03 or 2.05, as applicable and (ii) the Administrative Agent to charge any deposit account of the Borrower maintained with the Administrative Agent for each payment of principal, interest and fees as it becomes due hereunder or any other amount due under the Loan Documents.

(d) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Revolving Loans or participations in LC Disbursements or Swingline Loans resulting in such Lender receiving payment of a greater proportion of the aggregate amount of its Revolving Loans and participations in LC Disbursements and Swingline Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Revolving Loans and participations in LC Disbursements and Swingline Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Revolving Loans and participations in LC Disbursements and Swingline Loans; provided that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans or participations in LC Disbursements and Swingline Loans to any assignee or participant, other than to the Borrower or any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(e) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders or the Issuing Bank hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders or the Issuing Bank, as the case may be, the amount due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders or the Issuing Bank, as the case may be, severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender or Issuing Bank with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation (including without limitation the Overnight Foreign Currency Rate in the case of Loans denominated in a Foreign Currency).

(f) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), (i) apply any amounts thereafter received by the Administrative Agent for the account of such Lender and for the benefit of the Administrative Agent, the Swingline Lender or the Issuing Bank to satisfy such Lender's obligations to it under such Section until all such unsatisfied obligations are fully paid and/or (ii) hold any such amounts in a segregated account over which the Administrative Agent shall have exclusive control as cash collateral for, and application to, any future funding obligations of such Lender under any such Section; in the case of each of clauses (i) and (ii) above, in any order as determined by the Administrative Agent in its discretion.

SECTION 2.19. Mitigation Obligations; Replacement of Lenders. (a) If any Lender requests compensation under Section 2.15, or the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17, then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 2.15 or 2.17, as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

(b) If (i) any Lender requests compensation under Section 2.15, (ii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 or (iii) any Lender becomes a Defaulting Lender, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions contained in Section 9.04, with the Borrower or replacement Lender obligated to pay any applicable processing or recordation fee), all its interests, rights (other than its existing rights to payments pursuant to Sections 2.15 or 2.17) and obligations under the Loan Documents to an assignee that shall assume such obligations (which assignee may be another Lender, if a Lender accepts such assignment); provided that (x) the Borrower shall have received the prior written consent of the Administrative Agent (and if a Commitment is being assigned, the Issuing Bank), which consent shall not unreasonably be withheld, (y) such Lender shall have received payment of an amount equal to the outstanding principal of its Loans and participations in LC Disbursements and Swingline Loans, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (to the extent of such outstanding principal and accrued interest and fees) or the Borrower (in the case of all other amounts) and (z) in the case of any such assignment resulting from a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

SECTION 2.20. Expansion Option. The Borrower may from time to time elect to increase the total Dollar Tranche Commitments and/or the total Multicurrency Tranche Commitments or enter into one or more tranches of term loans (each an "Incremental Term Loan"), in each case in minimum aggregate increments of $10,000,000 so long as, after giving effect thereto, the aggregate amount of such increases and all such Incremental Term Loans does not exceed $250,000,000. The Borrower may arrange for any such increase or tranche to be provided by one or more Lenders (each Lender so agreeing to an increase in its Commitments, or to participate in such Incremental Term Loans, an "Increasing Lender"), or by one or more new banks, financial institutions or other entities (each such new bank, financial institution or other entity, an "Augmenting Lender"; provided that no Ineligible Institution may be an Augmenting Lender), to increase their existing Commitments, or to participate in such Incremental Term Loans, or provide new Commitments, as the case may be; provided that (i) each Augmenting Lender, shall be subject to the approval of the Borrower and the Administrative Agent and (ii) (x) in the case of an Increasing Lender, the Borrower and such Increasing Lender execute an agreement substantially in the form of Exhibit C hereto, and (y) in the case of an Augmenting Lender, the Borrower and such Augmenting Lender execute an agreement substantially in the form of Exhibit D hereto. No consent of any Lender (other than the Lenders participating in the increase or any Incremental Term Loan) shall be required for any increase in Commitments or Incremental Term Loan pursuant to this Section 2.20. Increases and new Commitments and Incremental Term Loans created pursuant to this Section 2.20 shall become effective on the date agreed by the Borrower, the Administrative Agent and the relevant Increasing Lenders or Augmenting Lenders, and the Administrative Agent shall notify each Lender thereof. Notwithstanding the foregoing, no increase in the Commitments (or in the Commitments of any Lender) or tranche of Incremental Term Loans shall become effective under this paragraph unless, (i) on the proposed date of the effectiveness of such increase or Incremental Term Loans, (A) the conditions set forth in paragraphs (a) and (b) of Section 4.02 shall be satisfied or waived by the Required Lenders and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of Holdings or the Borrower and (B) Holdings and the Borrower shall be in compliance (on a pro forma basis) with the covenants contained in Section 6.12 and (ii) the Administrative Agent shall have received documents consistent with those delivered on the Effective Date as to the organizational power and authority of the Borrower to borrow hereunder after giving effect to such increase. On the effective date of any increase in the Commitments of any Class or any Incremental Term Loans being made, (i) each relevant Increasing Lender and Augmenting Lender shall make available to the Administrative Agent such amounts in immediately available funds as the Administrative Agent shall determine, for the benefit of the other Lenders of such Class, as being required in order to cause, after giving effect to such increase and the use of such amounts to make payments to such other Lenders, each Lender's portion of the outstanding Revolving Loans of such Class of all the Lenders to equal its Dollar Tranche Percentage or Multicurrency Tranche Percentage, as applicable, of such outstanding Revolving Loans, and (ii) except in the case of any Incremental Term Loans, the Borrower shall be deemed to have repaid and reborrowed all outstanding Revolving Loans of such Class as of the date of any increase in the Commitments of such Class (with such reborrowing to consist of the Types of Revolving Loans of such Class, with related Interest Periods if applicable, specified in a notice delivered by the Borrower, in accordance with the requirements of Section 2.03). The deemed payments made pursuant to clause (ii) of the immediately preceding sentence shall be accompanied by payment of all accrued interest on the amount prepaid and, in respect of each Eurocurrency Loan, shall be subject to indemnification by the Borrower pursuant to the provisions of Section 2.16 if the deemed payment occurs other than on the last day of the related Interest Periods. The Incremental Term Loans (a) shall rank pari passu in right of payment with the Revolving Loans, (b) shall not mature earlier than the Maturity Date (but may have amortization prior to such date) and (c) shall be treated substantially the same as (and in any event no more favorably than) the Revolving Loans; provided that (i) the terms and conditions applicable to any tranche of Incremental Term Loans maturing after the Maturity Date may provide for material additional or different financial or other covenants or prepayment requirements applicable only during periods after the Maturity Date and (ii) the Incremental Term Loans may be priced differently than the Revolving Loans. Incremental Term Loans may be made hereunder pursuant to an amendment or restatement (an "Incremental Term Loan Amendment") of this Agreement and, as appropriate, the other Loan Documents, executed by the Borrower, each Increasing Lender participating in such tranche, each Augmenting Lender participating in such tranche, if any, and the Administrative Agent. The Incremental Term Loan Amendment may, without the consent of any other Lenders, effect such amendments to this Agreement and the other Loan Documents as may be necessary or appropriate, in the reasonable opinion of the Administrative Agent, to effect the provisions of this Section 2.20. Nothing contained in this Section 2.20 shall constitute, or otherwise be deemed to be, a commitment on the part of any Lender to increase its Commitments hereunder, or provide Incremental Term Loans, at any time.

SECTION 2.21. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from the Borrower hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so under applicable law, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of the Borrower in respect of any sum due to any Lender or the Administrative Agent hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by such Lender or the Administrative Agent (as the case may be) of any sum adjudged to be so due in such other currency such Lender or the Administrative Agent (as the case may be) may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Lender or the Administrative Agent, as the case may be, in the specified currency, the Borrower agrees, to the fullest extent that it may effectively do so under applicable law, as a separate obligation and notwithstanding any such judgment, to indemnify such Lender or the Administrative Agent, as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Lender or the Administrative Agent, as the case may be, in the specified currency and (b) any amounts shared with other Lenders as a result of allocations of such excess as a disproportionate payment to such Lender under Section 2.18, such Lender or the Administrative Agent, as the case may be, agrees to remit such excess to the Borrower.

SECTION 2.22. Defaulting Lenders. Notwithstanding any provision of this Agreement to the contrary, if any Lender becomes a Defaulting Lender, then the following provisions shall apply for so long as such Lender is a Defaulting Lender:

(a) fees shall cease to accrue on the unfunded portion of the Commitments of such Defaulting Lender pursuant to Section 2.12(a);

(b) the Commitments and Revolving Credit Exposure of such Defaulting Lender shall not be included in determining whether the Required Lenders or a Majority in Interest of any Class of Lenders have taken or may take any action hereunder (including any consent to any amendment, waiver or other modification pursuant to Section 9.02); provided, that, except as otherwise provided in Section 9.02, this clause (b) shall not apply to the vote of a Defaulting Lender in the case of an amendment, waiver or other modification requiring the consent of such Lender or each Lender directly affected thereby;

(c) if any Swingline Exposure or LC Exposure exists at the time such Lender becomes a Defaulting Lender then:

(i) so long as no Event of Default has occurred and is continuing, (x) all or any part of the Dollar Tranche LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders that are Dollar Tranche Lenders (the "Non-Defaulting Dollar Tranche Lenders") in accordance with their respective Dollar Tranche Percentages but only to the extent (A) that the sum of all Non-Defaulting Dollar Tranche Lenders' Dollar Tranche Revolving Credit Exposures plus such Defaulting Lender's Dollar Tranche LC Exposure does not exceed the total of all Non-Defaulting Dollar Tranche Lenders' Dollar Tranche Commitments and (B) each Non-Defaulting Dollar Tranche Lender's Dollar Tranche Revolving Credit Exposure does not exceed such Non-Defaulting Dollar Tranche Lender's Dollar Tranche Commitment and (y) all or any part of the Swingline Exposure and Multicurrency Tranche LC Exposure of such Defaulting Lender shall be reallocated among the non-Defaulting Lenders that are Multicurrency Tranche Lenders (the "Non-Defaulting Multicurrency Tranche Lenders") in accordance with their respective Multicurrency Tranche Percentages but only to the extent (A) that the sum of all Non-Defaulting Multicurrency Tranche Lenders' Multicurrency Tranche Revolving Credit Exposures plus such Defaulting Lender's Swingline Exposure and Multicurrency Tranche LC Exposure does not exceed the total of all Non-Defaulting Multicurrency Tranche Lenders' Multicurrency Tranche Commitments and (B) each Non-Defaulting Multicurrency Tranche Lender's Multicurrency Tranche Revolving Credit Exposure does not exceed such Non-Defaulting Multicurrency Tranche Lender's Multicurrency Tranche Commitment;

(ii) if the reallocation described in clause (i) above cannot, or can only partially, be effected, the Borrower shall within two (2) Business Days following notice by the Administrative Agent (x) first, prepay such Swingline Exposure and (y) second, cash collateralize for the benefit of the Issuing Bank only the Borrower's obligations corresponding to such Defaulting Lender's LC Exposure (after giving effect to any partial reallocation pursuant to clause (i) above) in accordance with the procedures set forth in Section 2.06(j) for so long as such LC Exposure is outstanding;

(iii) if the Borrower cash collateralizes any portion of such Defaulting Lender's LC Exposure pursuant to clause (ii) above, the Borrower shall not be required to pay any fees to such Defaulting Lender pursuant to Section 2.12(b) with respect to such Defaulting Lender's LC Exposure during the period such Defaulting Lender's LC Exposure is cash collateralized;

(iv) if the LC Exposure of the non-Defaulting Lenders is reallocated pursuant to clause (i) above, then the fees payable to the Lenders pursuant to Section 2.12(a) and Section 2.12(b) shall be adjusted in accordance with such non-Defaulting Lenders' Applicable Percentages; and

(v) if all or any portion of such Defaulting Lender's LC Exposure is neither reallocated nor cash collateralized pursuant to clause (i) or (ii) above, then, without prejudice to any rights or remedies of the Issuing Bank or any other Lender hereunder, all letter of credit fees payable under Section 2.12(b) with respect to such Defaulting Lender's LC Exposure shall be payable to the Issuing Bank until and to the extent that such LC Exposure is reallocated and/or cash collateralized; and

(d) so long as such Lender is a Defaulting Lender, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless it is satisfied that the related exposure and the Defaulting Lender's then outstanding LC Exposure will be 100% covered by the Commitments of the non-Defaulting Lenders and/or cash collateral will be provided by the Borrower in accordance with Section 2.22(c), and participating interests in any such newly made Swingline Loan or any newly issued or increased Letter of Credit shall be allocated among non-Defaulting Lenders in a manner consistent with Section 2.22(c)(i) (and such Defaulting Lender shall not participate therein).

If (i) a Bankruptcy Event with respect to a Lender Parent shall occur following the date hereof and for so long as such event shall continue or (ii) the Swingline Lender or the Issuing Bank has a good faith belief that any Lender has defaulted in fulfilling its obligations under one or more other agreements in which such Lender commits to extend credit, the Swingline Lender shall not be required to fund any Swingline Loan and the Issuing Bank shall not be required to issue, amend or increase any Letter of Credit, unless the Swingline Lender or the Issuing Bank, as the case may be, shall have entered into arrangements with the Borrower or such Lender, satisfactory to the Swingline Lender or the Issuing Bank, as the case may be, to defease any risk to it in respect of such Lender hereunder.

In the event that the Administrative Agent, the Borrower, the Swingline Lender and the Issuing Bank each agrees that a Defaulting Lender has adequately remedied all matters that caused such Lender to be a Defaulting Lender, then the Swingline Exposure and LC Exposure of the Lenders shall be readjusted to reflect the inclusion of such Lender's Commitments and on such date such Lender shall purchase at par such of the Dollar Tranche Revolving Loans of the other Lenders (other than Swingline Loans) and/or Multicurrency Tranche Revolving Loans of the other Lenders (other than Swingline Loans) as the Administrative Agent shall determine may be necessary in order for such Lender to hold such Loans in accordance with its Applicable Percentage, any cash collateral provided by the Borrower pursuant to Section 2.22(c)(ii) shall be immediately returned to the Borrower and thereupon such Lender shall cease to be a Defaulting Lender.

ARTICLE III

Representations and Warranties

Each of Holdings and the Borrower represents and warrants to the Lenders that:

SECTION 3.01. Organization; Powers; Subsidiaries. Each of Holdings, the Borrower, each Material Domestic Subsidiary and each Material Foreign Subsidiary is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required. Holdings does not have any subsidiaries other than the Borrower and the Subsidiaries. Schedule 3.01 to the Disclosure Letter sets forth the name of each Subsidiary and, the ownership interest of Holdings in each Subsidiary and identifies each Subsidiary that is a Subsidiary Guarantor, in each case as of the Effective Date. As of the Effective Date, all Subsidiaries are Restricted Subsidiaries.

SECTION 3.02. Authorization; Enforceability. The Transactions entered into and to be entered into by each Loan Party are within such Loan Party's powers and have been duly authorized by all necessary action. This Agreement has been duly executed and delivered by each of Holdings and the Borrower and constitutes, and each other Loan Document to which any Loan Party is to be a party, when executed and delivered by such Loan Party, will constitute, a legal, valid and binding obligation of Holdings, the Borrower or such Loan Party (as the case may be), enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

SECTION 3.03. Governmental Approvals; No Conflicts. The Transactions (a) do not require any consent or approval of, registration or filing with, or any other action by or before, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except where the failure to obtain such consent or approval or make such registration or filing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (b) will not violate (i) in any material respect any order of any Governmental Authority or any applicable law or regulation or (ii) the charter, by-laws or other organizational documents of Holdings, the Borrower or any Restricted Subsidiary, (c) except to the extent that they may prohibit payments required to be made on the Permitted Convertible Notes, will not violate or result in a default under any material indenture, agreement or other instrument binding upon Holdings, the Borrower or any Restricted Subsidiary or any of their assets, or give rise to a right thereunder to require any payment to be made by Holdings, the Borrower or any Restricted Subsidiary and (d) will not result in the creation or imposition of any Lien on any asset of Holdings, the Borrower or any Restricted Subsidiary, except Liens created under this Agreement and the Pledge Agreements.

SECTION 3.04. Financial Condition; No Material Adverse Change. (a) Holdings has heretofore furnished to the Lenders its consolidated financial statements (i) as of and for the two years ended December 31, 2012, reported on by PricewaterhouseCoopers LLP, independent public accountants, and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended June 28, 2013, certified by its chief financial officer. Such financial statements present fairly, in all material respects, the consolidated financial position and results of operations of Holdings, the Borrower and the consolidated Subsidiaries as of such dates and for such periods in accordance with GAAP, except with respect to financial statements referred to in clause (ii) above, subject to year-end audit adjustments and the absence of footnotes.

(b) Except as disclosed in the financial statements referred to in paragraph (a) above or the notes thereto or in Holdings' other reports and filings filed with the SEC prior to the Effective Date, or in the Information Memorandum and except for the Disclosed Matters (collectively, "Disclosure Documents"), none of Holdings, the Borrower or the Subsidiaries has, as of the Effective Date, any material contingent liabilities, unusual long-term commitments or unrealized losses.

(c) Since December 31, 2012, there has been no material adverse change in the business, assets, operations, properties or financial condition of Holdings, the Borrower and the Restricted Subsidiaries, taken as a whole.

SECTION 3.05. Properties. (a) Holdings, the Borrower and each of the Restricted Subsidiaries has good title to, or valid leasehold interests in, all its real and personal property material to its business, except for minor defects in title that do not interfere with its ability to conduct its business as currently conducted or to utilize such properties for their intended purposes and subject to Permitted Encumbrances and Liens permitted pursuant to Section 6.02.

(b) Holdings, the Borrower and each of the Restricted Subsidiaries owns, or is licensed to use, all trademarks, tradenames, copyrights, patents and other intellectual property material to its business, and, to the knowledge of Holdings and the Borrower, the use thereof by Holdings, the Borrower and the Restricted Subsidiaries does not infringe upon the rights of any other Person, except for any such infringements that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.06. Litigation, Environmental and Labor Matters. (a) There are no actions, suits or proceedings by or before any arbitrator or Governmental Authority pending against or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings, the Borrower or any of the Subsidiaries (i) as to which there is a reasonable possibility of an adverse determination and that could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect (other than the Disclosed Matters and disclosures in the Disclosure Documents) or (ii) that involve any of the Loan Documents or the Transactions.

(b) Except for the Disclosed Matters, matters disclosed in the Disclosure Documents, and any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of Holdings, the Borrower or any of the Restricted Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(c) As of the Effective Date, there are no material strikes, lockouts or slowdowns against Holdings, the Borrower or any Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened. Except as could not reasonably be expected to result in a Material Adverse Effect, (a) the hours worked by and payments made to employees of Holdings, the Borrower and the Restricted Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters and (b) the consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrower or any Restricted Subsidiary is bound.

SECTION 3.07. Compliance with Laws and Agreements. Each of Holdings, the Borrower and the Restricted Subsidiaries is in compliance with all laws, regulations and orders of any Governmental Authority applicable to it or its property and all indentures, agreements and other instruments binding upon it or its property, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.08. Investment Company Status. None of Holdings, the Borrower or any of the Restricted Subsidiaries is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 3.09. Taxes. Holdings, the Borrower and each of the Subsidiaries has timely filed or caused to be filed all Tax returns and reports required to have been filed and has paid or caused to be paid all Taxes required to have been paid by it, except (a) any Taxes that are being contested in good faith by appropriate proceedings and for which Holdings, the Borrower or such Subsidiary, as applicable, has set aside on its books adequate reserves or (b) to the extent that the failure to do so could not reasonably be expected to result in a Material Adverse Effect.

SECTION 3.10. ERISA. No ERISA Event has occurred or is reasonably expected to occur that, when taken together with all other such ERISA Events for which liability is reasonably expected to occur, would reasonably be expected to result in a Material Adverse Effect.

SECTION 3.11. Disclosure. Holdings and the Borrower have disclosed to the Lenders all agreements, instruments and corporate or other restrictions to which Holdings, the Borrower or any of the Restricted Subsidiaries is subject, and all other matters known to any of the President, a Vice President or a Financial Officer of such Persons, that, individually or in the aggregate, could reasonably be expected to result in a Material Adverse Effect. The Information Memorandum and the other reports, financial statements, certificates or other information furnished by or on behalf of any Loan Party to the Administrative Agent or any Lender in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished), taken as a whole, as of the date so furnished or delivered, did not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, provided that (a) with respect to projected financial information, Holdings and the Borrower represent only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time and (b) with respect to information regarding the semiconductor market and other industry data, Holdings and the Borrower represent only that such information was prepared by third-party industry research firms, and although Holdings and the Borrower believe such information is reliable, Holdings and the Borrower cannot guarantee the accuracy and completeness of the information and have not independently verified such information.

SECTION 3.12. Federal Reserve Regulations. No part of the proceeds of any Loan have been used or will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X.

SECTION 3.13. Liens. There are no Liens on any of the real or personal properties of Holdings, the Borrower or any Restricted Subsidiary except for Liens permitted by Section 6.02.

SECTION 3.14. No Default. No Default or Event of Default has occurred and is continuing.

SECTION 3.15. Anti-Corruption Laws and Sanctions. Each of Holdings and the Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by Holdings, the Borrower, the Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions, and Holdings, the Borrower, the Subsidiaries and their respective officers and employees and to the knowledge of Holdings or the Borrower their respective directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) Holdings, the Borrower, any Subsidiary or to the knowledge of Holdings, the Borrower or such Subsidiary any of their respective directors, officers or employees, or (b) to the knowledge of Holdings or the Borrower, any agent of Holdings, the Borrower or any Subsidiary that will act in any capacity in connection with or benefit from the credit facility established hereby, is a Sanctioned Person. No Borrowing or Letter of Credit, use of proceeds or other Transaction contemplated by the Credit Agreement will violate Anti-Corruption Laws or applicable Sanctions.

ARTICLE IV

Conditions

SECTION 4.01. Effective Date. The obligations of the Lenders to make Loans and of the Issuing Bank to issue Letters of Credit hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.02):

(a) The Administrative Agent (or its counsel) shall have received (i) from each party hereto either (A) a counterpart of this Agreement signed on behalf of such party or (B) written evidence satisfactory to the Administrative Agent (which may include telecopy or electronic transmission of a signed signature page of this Agreement) that such party has signed a counterpart of this Agreement and (ii) duly executed copies of the Loan Documents and such other legal opinions, certificates, documents, instruments and agreements as the Administrative Agent shall reasonably request in connection with the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(b) The Administrative Agent shall have received a favorable written opinion (addressed to the Administrative Agent and the Lenders and dated the Effective Date) of Snell & Wilmer L.L.P., counsel for the Loan Parties, substantially in the form of Exhibit B, and covering such other matters relating to the Loan Parties, the Loan Documents or the Transactions as the Administrative Agent shall reasonably request. Holdings hereby requests such counsel to deliver such opinion.

(c) The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing of the initial Loan Parties, the authorization of the Transactions and any other legal matters relating to such Loan Parties, the Loan Documents or the Transactions, all in form and substance satisfactory to the Administrative Agent and its counsel and as further described in the list of closing documents attached as Exhibit E.

(d) The Administrative Agent shall have received a certificate, dated the Effective Date and signed by the President, a Vice President or a Financial Officer of Holdings or the Borrower, confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 4.02.

(e) The Administrative Agent shall have received evidence reasonably satisfactory to it that all governmental and third party approvals necessary or, in the discretion of the Administrative Agent, advisable in connection with the Transactions have been obtained and are in full force and effect.

(f) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Effective Date, including, to the extent invoiced, reimbursement or payment of all out-of-pocket expenses required to be reimbursed or paid by Holdings hereunder.

The Administrative Agent shall notify Holdings and the Lenders of the Effective Date, and such notice shall be conclusive and binding.

SECTION 4.02. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing, and of the Issuing Bank to issue, amend, renew or extend any Letter of Credit, is subject to the satisfaction of the following conditions:

(a) The representations and warranties of Holdings and the Borrower set forth in this Agreement shall be true and correct (i) in the case of the representations and warranties qualified by materiality or Material Adverse Effect, in all respects and (ii) otherwise, in all material respects, in each case on and as of the date of such Borrowing or the date of issuance, amendment, renewal or extension of such Letter of Credit, as applicable, except in the case of any such representation and warranty that expressly relates to a prior date, in which case such representation and warranty shall be so true and correct on and as of such prior date.

(b) At the time of and immediately after giving effect to such Borrowing or the issuance, amendment, renewal or extension of such Letter of Credit, as applicable, no Default or Event of Default shall have occurred and be continuing.

Each Borrowing (other than Borrowings at the election of the Administrative Agent) and each issuance, amendment, renewal or extension of a Letter of Credit shall be deemed to constitute a representation and warranty by each of Holdings and the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section.

ARTICLE V

Affirmative Covenants

Until the Commitments have expired or been terminated and the principal of and interest on each Loan and all fees payable hereunder shall have been paid in full and all Letters of Credit shall have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 5.01. Financial Statements and Other Information. Holdings will furnish to the Administrative Agent for distribution to each Lender:

(a) promptly when available and in any event within 90 days after the end of each fiscal year of Holdings, its audited consolidated balance sheet and related statements of operations, stockholders' equity and cash flows as of the end of and for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all reported on by PricewaterhouseCoopers LLP or other independent public accountants of recognized national standing (without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements present fairly in all material respects the consolidated financial condition and results of operations of Holdings, the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied;

(b) promptly when available and in any event within 45 days after the end of each of the first three fiscal quarters of each fiscal year of Holdings, its unaudited consolidated balance sheet and related statements of operations and year to date cash flows as of the end of and for such fiscal quarter and the then elapsed portion of the fiscal year, as applicable, setting forth in each case in comparative form the figures for the corresponding period or periods of (or, in the case of the balance sheet, as of the end of) the previous fiscal year, all certified by one of the Financial Officers of Holdings or the Borrower as presenting fairly in all material respects the consolidated financial condition and results of operations of Holdings, the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes;

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer of Holdings or the Borrower in the form of Exhibit H (i) certifying as to whether a Default has occurred and is continuing and, if a Default has occurred and is continuing, specifying the details thereof and any action taken or proposed to be taken with respect thereto, (ii) setting forth reasonably detailed calculations demonstrating compliance with Section 6.12, (iii) stating whether any change in GAAP or in the application thereof has occurred since the date of Holdings' audited financial statements referred to in Section 3.04 and, if any such change has occurred, specifying the effect of such change on the financial statements accompanying such certificate and (iv) listing each Subsidiary which has changed status from or to a Restricted Subsidiary, Unrestricted Subsidiary or Subsidiary Guarantor and identifying such Subsidiary as such as of the date of such certificate;

(d) promptly when available and in any event within 60 days after the commencement of each fiscal year of Holdings, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flow as of the end of and for such fiscal year and setting forth any material assumptions used for purposes of preparing such budget);

(e) promptly after the same become publicly available, copies of all periodic and other reports, proxy statements and other materials filed by Holdings, the Borrower or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of the SEC, or distributed by Holdings to its public stockholders generally, as the case may be;

(f) concurrently with any delivery of financial statements under paragraph (a) or (b) above, if there are any Unrestricted Subsidiaries at the time, the related consolidating financial statements reflecting the adjustments necessary to eliminate the accounts of Unrestricted Subsidiaries from such consolidated financial statements;

(g) promptly following a request therefor, all documentation and other information that a Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the Patriot Act; and

(h) promptly following any request therefor, such other information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender may reasonably request.

Documents required to be delivered pursuant to paragraphs (a), (b) and (e) of this Section 5.01 may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date on which such documents are filed for public availability on the SEC's Electronic Data Gathering and Retrieval System. Notwithstanding anything contained herein, in every instance Holdings shall be required to provide paper or electronic copies of the compliance certificates required by paragraph (c) of this Section 5.01 to the Administrative Agent.

SECTION 5.02. Notices of Material Events. Holdings and the Borrower will furnish to the Administrative Agent written notice of the following promptly upon a President, a Vice President, a Financial Officer or General Counsel of Holdings or the Borrower obtaining knowledge thereof:

(a) the occurrence of any Default;

(b) the filing or commencement of any action, suit or proceeding by or before any arbitrator or Governmental Authority against or affecting Holdings, the Borrower or any Restricted Subsidiary that could reasonably be expected to result in a Material Adverse Effect;

(c) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect; and

(d) any other development that results in, or could reasonably be expected to result in, a Material Adverse Effect.

Each notice delivered under this Section shall be accompanied by a statement of a Financial Officer of Holdings or the Borrower, as the case may be, or other executive officer of Holdings or the Borrower, as the case may be, setting forth the details of the event or development requiring such notice and any action taken or proposed to be taken with respect thereto.

SECTION 5.03. Existence; Conduct of Business. Each of Holdings and the Borrower will, and will cause each of the Restricted Subsidiaries to, do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence and the rights, contracts, licenses, permits, privileges, franchises, patents, copyrights, trademarks and trade names material to the conduct of the business of the Borrower and the Restricted Subsidiaries, taken as a whole, provided that the foregoing shall not prohibit any Permitted Restructuring or any other merger, consolidation, liquidation or dissolution permitted under Section 6.03 or any sale of assets permitted under Section 6.05.

SECTION 5.04. Payment of Taxes. Each of Holdings and the Borrower will, and will cause each of the Restricted Subsidiaries to, pay its Tax liabilities before the same shall become delinquent or in default, except where (a) the validity or amount thereof is being contested in good faith by appropriate proceedings, (b) Holdings, the Borrower or such Restricted Subsidiary has set aside on its books adequate reserves with respect thereto in accordance with GAAP, (c) such contest effectively suspends collection of the contested obligation and the enforcement of any Lien securing such obligation and (d) the failure to make payment pending such contest could not reasonably be expected to result in a Material Adverse Effect.

SECTION 5.05. Maintenance of Properties; Insurance. Except in connection with a Permitted Restructuring, each of Holdings and the Borrower will, and will cause each of the Restricted Subsidiaries to, (a) keep and maintain all property material to the conduct of the business of Holdings, the Borrower and the Restricted Subsidiaries, taken as a whole, in good working order and condition, ordinary wear and tear excepted, it being understood that this covenant only relates to the working order and condition of such properties and shall not be construed as a covenant not to dispose of such properties, and (b) maintain, with financially sound and reputable insurance companies insurance in such amounts and against such risks as are customarily maintained by companies of established repute engaged in the same or similar businesses operating in the same or similar locations.

SECTION 5.06. Books and Records; Inspection Rights. Each of Holdings and the Borrower will, and will cause each of the Restricted Subsidiaries to, keep proper books of record and account in which full, true and correct entries are made of all material dealings and transactions in relation to its business and activities. Each of Holdings and the Borrower will, and will cause each of the Restricted Subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender, upon reasonable prior notice, to visit and inspect its properties, to examine and make extracts from its books and records and to discuss its affairs, finances and condition with its officers and independent accountants, all at such reasonable times and at such reasonable intervals as may be reasonably requested.

SECTION 5.07. Compliance with Laws. Each of Holdings and the Borrower will, and will cause each of the Subsidiaries to, comply with all laws, rules, regulations and orders of any Governmental Authority applicable to it or its property (including, without limitation, Environmental Laws), except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect. Each of Holdings and the Borrower will maintain in effect and enforce policies and procedures designed to ensure compliance by Holdings, the Borrower, the Subsidiaries and their respective directors, officers, employees and agents with Anti-Corruption Laws and applicable Sanctions.

SECTION 5.08. Use of Proceeds. The proceeds of the Loans will be used only for general corporate purposes, including working capital, Permitted Acquisitions, and lawful repurchases of Holdings' capital stock. No part of the proceeds of any Loan will be used, whether directly or indirectly, for any purpose that entails a violation of any of the Regulations of the Board, including Regulations T, U and X. Letters of Credit will be issued only to support obligations of the Borrower or any Restricted Subsidiary incurred for general corporate purposes.

SECTION 5.09. Subsidiary Guaranty. As promptly as possible but in any event within thirty (30) days (or such later date as may be agreed upon by the Administrative Agent) (i) after the delivery of the financial statements referred to in Section 5.01(a), with respect to any Restricted Subsidiary that qualifies independently as, or is designated by Holdings or the Administrative Agent as, a Subsidiary Guarantor pursuant to the definition of "Material Domestic Subsidiary" or (ii) after the date on which any Restricted Subsidiary qualifies independently as a Qualifying Subsidiary, Holdings shall provide the Administrative Agent with written notice thereof setting forth information in reasonable detail describing the material assets of such Person and shall cause each such Subsidiary to deliver to the Administrative Agent a joinder to the Subsidiary Guaranty (in the form contemplated thereby), pursuant to which such Subsidiary agrees to be bound by the terms and provisions thereof, such Subsidiary Guaranty to be accompanied by appropriate corporate resolutions, other corporate documentation and legal opinions in form and substance reasonably satisfactory to the Administrative Agent and its counsel. Notwithstanding the foregoing, no Receivables Entity shall be required to become a Subsidiary Guarantor.

SECTION 5.10. Pledge Agreements. Holdings shall execute or cause to be executed, by no later than sixty (60) days (or such later date as is required to obtain required governmental consents or approvals provided that Holdings is diligently pursuing such consents or approvals or as is otherwise agreed to by the Administrative Agent in its reasonable discretion) after the date on which any Person becomes a Domestic Subsidiary or which any Subsidiary that is a First Tier Foreign Subsidiary would qualify as a Material Foreign Subsidiary, a Pledge Agreement in favor of the Administrative Agent for the benefit of the Secured Parties with respect to, (x) in the case of a Domestic Subsidiary (including, for purposes of this Section 5.10, the Borrower), 100% of all of the outstanding Equity Interests of such Pledge Subsidiary and (y) in the case of a Material Foreign Subsidiary, 65% of all of the outstanding Equity Interests of such Pledge Subsidiary; provided that (i) no such pledge of the Equity Interests of the China JV shall be required hereunder and (ii) no such pledge of the Equity Interests of a Pledge Subsidiary that is a First Tier Foreign Subsidiary shall be required hereunder to the extent the Administrative Agent and its counsel reasonably determine that, in light of the cost and expense associated therewith, such pledge would not provide material Pledged Equity for the benefit of the Secured Parties pursuant to legally binding, valid and enforceable Pledge Agreements. Holdings and the Borrower further agree to deliver to the Administrative Agent all such Pledge Agreements, together with appropriate corporate resolutions and other documentation (including legal opinions, the stock certificates representing the Equity Interests subject to such pledge, stock powers with respect thereto executed in blank, and such other documents as shall be reasonably requested to perfect the Lien of such pledge) in each case in form and substance reasonably satisfactory to the Administrative Agent, and in a manner that the Administrative Agent shall be reasonably satisfied that it has a first priority perfected pledge of or charge over the Pledged Equity related thereto. Notwithstanding the foregoing, the parties hereto acknowledge and agree that no Pledge Agreement in respect of the pledge of Equity Interests of a Pledge Subsidiary that is a First Tier Foreign Subsidiary shall be required until the date that occurs sixty (60) days after the Effective Date or the date on which a Subsidiary becomes a Pledge Subsidiary (or such later date as is required to obtain required governmental consents or approvals provided that Holdings is diligently pursuing such consents or approvals or as is otherwise agreed to by the Administrative Agent in its reasonable discretion).

ARTICLE VI

Negative Covenants

Until the Commitments have expired or terminated and the principal of and interest on each Loan and all fees payable hereunder have been paid in full and all Letters of Credit have expired or terminated, in each case, without any pending draw, and all LC Disbursements shall have been reimbursed, each of Holdings and the Borrower covenants and agrees with the Lenders that:

SECTION 6.01. Indebtedness. (a) The Borrower will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Indebtedness, except:

(i) the Obligations;

(ii) Indebtedness existing on the Effective Date and set forth in Schedule 6.01 to the Disclosure Letter and extensions, renewals, refinancings and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (other than by the amount of any fees or expenses incurred in the extensions, renewals, refinancings and replacements thereof) or result in an earlier maturity date;

(iii) Indebtedness of the Borrower to Holdings or any Restricted Subsidiary and of any Restricted Subsidiary to Holdings, the Borrower or any other Restricted Subsidiary, in each case subject to Section 6.04;

(iv) Guarantees by the Borrower and by any Restricted Subsidiary of Indebtedness of Holdings, the Borrower or any other Restricted Subsidiary;

(v) Indebtedness of the Borrower or any Restricted Subsidiary in respect of workers' compensation claims, self-insurance obligations, performance bonds, surety, appeal or similar bonds and completion or other financial guarantees provided by the Borrower and the Restricted Subsidiaries in the ordinary course of their business, provided that upon the incurrence of Indebtedness with respect to reimbursement type obligations regarding workers' compensation claims, such obligations are reimbursed within 30 days following such drawing or incurrence;

(vi) Indebtedness of the Borrower or any Restricted Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, including Capital Lease Obligations (provided that such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement); provided that the aggregate principal amount of Indebtedness permitted by this clause (vi) shall not exceed $100,000,000 at any time outstanding;

(vii) Indebtedness of the Borrower, the China JV and other Restricted Subsidiaries, and Guarantees of obligations of Unrestricted Subsidiaries and other Persons not constituting Subsidiaries, in an aggregate principal amount not to exceed the greater of (x) $300,000,000 and (y) 15% of Consolidated Net Worth (immediately after giving effect to the incurrence of such Indebtedness); provided that not more than $50,000,000 of such Indebtedness is secured by assets located in the United States of America;

(viii) Indebtedness of any Person that becomes a Restricted Subsidiary or is merged into or consolidated with the Borrower or any Restricted Subsidiary or any Indebtedness assumed in connection with the acquisition of any such assets or secured by a Lien on any such assets prior to the acquisition thereof, and extensions, renewals, refinancings and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof (other than by the amount of any fees or expenses incurred in the refinancing thereof); provided that such Indebtedness exists at the time such Person becomes a Restricted Subsidiary and is not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary;

(ix) reimbursement obligations (contingent or otherwise) in respect of letters of credit issued to support obligations of the Borrower or any Restricted Subsidiary incurred in the ordinary course of business; provided that (A) the aggregate amount of such letters of credit and reimbursement obligations shall not exceed $40,000,000 at any time and (B) such obligations may only be secured to the extent permitted by clause (v) of Section 6.02(a);

(x) Indebtedness in an aggregate principal amount not exceeding $25,000,000 at any time outstanding; provided that the aggregate outstanding principal amount of such Indebtedness that is secured by any assets of the Borrower or any Restricted Subsidiary shall not exceed $10,000,000;

(xi) the Permitted Convertible Notes;

(xii) Permitted Unsecured Indebtedness;

(xiii) customer deposits and advance payments received in the ordinary course of business from customers for goods or services purchased in the ordinary course of business;

(xiv) Indebtedness consisting of (i) the financing of insurance premiums or (ii) take-or-pay obligations contained in supply, service or similar agreements, in each case incurred in the ordinary course of business;

(xv) customary obligations pursuant to factoring or similar arrangements permitted pursuant to clause (xi) of Section 6.02(a);

(xvi) Indebtedness of Holdings, the Borrower or any Restricted Subsidiary incurred pursuant to Permitted Receivables Facilities; provided that the Attributable Receivables Indebtedness thereunder shall not exceed an aggregate amount of $100,000,000 at any time outstanding; and

(xvii) Indebtedness under interest rate, commodities and foreign currency exchange protection agreements entered into in the ordinary course of business to manage existing or anticipated risks and not for speculative purposes;

(b) Holdings will not create, incur, assume or permit to exist any Indebtedness except (i) Indebtedness created under the Loan Documents or created under the Permitted Convertible Notes, (ii) Indebtedness permitted under clause (a)(ii), (a)(xii) or (a)(xvi) of this Section 6.01, (iii) Guarantees by Holdings of Indebtedness of the Borrower and the Restricted Subsidiaries permitted hereby and (iv) Guarantees by Holdings to lenders to direct and indirect Subsidiaries.

(c) Neither Holdings nor the Borrower will permit any Designated IP Subsidiary to create, incur, assume or permit to exist any Indebtedness (regardless of whether permitted under paragraph (a) of this Section 6.01) other than Indebtedness of the Designated IP Subsidiary owed to Holdings, the Borrower or a Restricted Subsidiary that is otherwise permitted by this Agreement.

SECTION 6.02. Liens. (a) The Borrower will not, and will not permit any Restricted Subsidiary to, create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect of any thereof, except:

(i) Permitted Encumbrances and Liens created under this Agreement and the Pledge Agreements;

(ii) any Lien on any property or asset of the Borrower or any Restricted Subsidiary existing on the Effective Date and set forth in Schedule 6.02 to the Disclosure Letter, provided that (A) such Lien shall not apply to any other property or asset of the Borrower or any Restricted Subsidiary and (B) such Lien shall secure only those obligations that it secures on the Effective Date and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof (other than by the amount of any fees or expenses incurred in the extensions, renewals, refinancings and replacements thereof);

(iii) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Restricted Subsidiary or existing on any property or asset of any Person that becomes a Restricted Subsidiary after the Effective Date prior to the time such Person becomes a Restricted Subsidiary, provided that (A) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Restricted Subsidiary, as the case may be, (B) such Lien shall not apply to any other property or assets of the Borrower or any Restricted Subsidiary and (C) such Lien shall secure only those obligations that it secures on the date of such acquisition or the date such Person becomes a Restricted Subsidiary, as the case may be, and extensions, renewals, refinancings and replacements thereof that do not increase the outstanding principal amount thereof (other than by the amount of any fees or expenses incurred in the extensions, renewals, refinancings and replacements thereof);

(iv) Liens on fixed or capital assets acquired, constructed or improved by the Borrower or any Restricted Subsidiary; provided that (A) such Liens secure Indebtedness permitted by clause (vi) of Section 6.01(a), (B) such security interests and the Indebtedness secured thereby are incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement, (C) the Indebtedness secured thereby does not exceed 100% of the cost of acquiring, constructing or improving such fixed capital assets and (D) such security interests shall not apply to any other property or assets of the Borrower or any Restricted Subsidiary;

(v) Liens on specified bank accounts and cash deposits of Holdings, the Borrower or any Restricted Subsidiary used to secure reimbursement obligations of Holdings, the Borrower or such Restricted Subsidiary in respect of letters of credit and similar arrangements for collateral security with respect to refinancings or replacements of the same; provided that the amounts in such specified bank accounts and the amount of such cash deposits, other than cash deposits securing letters of credit under defaulting lender provisions in credit or reimbursement facilities, shall not exceed an aggregate outstanding amount of $10,000,000;

(vi) Liens, including anti-assignment provisions, in favor of a landlord on leases and leasehold improvements with respect to leased premises and Liens on cash and other assets securing performance thereunder;

(vii) Liens representing the interest or title of a lessor, licensor, sublicensor or sublessor;

(viii) Liens securing Indebtedness permitted under, and subject to the Lien limitations in, clause (vii) of Section 6.01(a);

(ix) Liens securing any sale and leaseback transactions permitted by Section 6.11;

(x) any encumbrance or restriction with respect to the transfer of the Equity Interests in any joint venture or similar arrangement pursuant to the terms thereof;

(xi) Liens on accounts receivable securing factoring, sales, pledges, assignments, transfers or other dispositions of such accounts receivable in the ordinary course of business (and to the extent such transaction is permitted under Section 6.05(j)) as part of any accounts receivable financing transaction;

(xii) Liens on Permitted Receivables Facility Assets of the Borrower and the Restricted Subsidiaries arising under Permitted Receivables Facilities; and

(xiii) Liens on assets of the Borrower and the Restricted Subsidiaries not otherwise permitted above so long as the aggregate principal amount of the Indebtedness and other obligations subject to such Liens does not at any time exceed $10,000,000.

(b) Holdings will not create, incur, assume or permit to exist any Lien on any property or asset now owned or hereafter acquired by it, or assign or sell any income or revenues (including accounts receivable) or rights in respect thereof, except Liens created under the Pledge Agreements, Liens on Permitted Receivables Facility Assets of Holdings arising under Permitted Receivables Facilities and Permitted Encumbrances.

SECTION 6.03. Fundamental Changes. (a) Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, except that, if at the time thereof and immediately after giving effect thereto no Default shall have occurred and be continuing:

(i) any Person may merge into Holdings or the Borrower in a transaction in which Holdings or the Borrower, as the case may be, is the surviving entity;

(ii) any Restricted Subsidiary or Unrestricted Subsidiary may merge into a Restricted Subsidiary in a transaction in which the surviving entity is a Restricted Subsidiary;

(iii) any Restricted Subsidiary may liquidate or dissolve if Borrower determines in good faith that such liquidation or dissolution is in the best interests of the Borrower and is not materially disadvantageous to the Lenders and may liquidate or dissolve to facilitate internal reorganizations (including Permitted Restructurings); and

(iv) the Borrower and its Restricted Subsidiaries may consummate Permitted Acquisitions.

(b) Neither Holdings nor the Borrower will, nor will they permit any of the Restricted Subsidiaries to, engage to any material extent in any business other than businesses of the type conducted by the Borrower and the Restricted Subsidiaries on the Effective Date and businesses reasonably related thereto or useful in the operation of the businesses of the Borrower and the Restricted Subsidiaries.

(c) Neither Holdings nor the Borrower will, nor will they permit any of the Restricted Subsidiaries to, change its fiscal year from the basis in effect on the Effective Date, other than changes to the fiscal year of any acquired Restricted Subsidiary for the purposes of synchronizing such fiscal year with the fiscal year of Holdings and the Borrower.

(d) Except in connection with a Permitted Restructuring, (i) Holdings will not engage in any business or activity other than the ownership of all the outstanding shares of capital stock of the Borrower and the Foreign Holding Companies, incurring Indebtedness permitted hereby, incurring the Permitted Convertible Notes, issuing Equity Interests and activities incidental thereto; (ii) Holdings will not own or acquire any assets (other than shares of capital stock of the Borrower, shares of capital stock of the Foreign Holding Companies, cash and Permitted Investments) or incur any liabilities (other than liabilities under the Loan Documents, Guarantees and other obligations in respect of contractual performance by Holdings of obligations of the Borrower and the Restricted Subsidiaries under leases of real property and other agreements, Indebtedness permitted hereby, the Permitted Convertible Notes, obligations under any stock option plans or other benefit plans for management, directors, consultants or employees of Holdings, the Borrower and the Restricted Subsidiaries, liabilities imposed by law, including tax liabilities, and other liabilities incidental to its existence and permitted business and activities). Notwithstanding the foregoing two sentences, Holdings may acquire Equity Interests in another Person in exchange solely for common stock of Holdings.

SECTION 6.04. Investments, Loans, Advances, Guarantees and Acquisitions. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, purchase, hold or acquire (including pursuant to any merger with any Person that was not a wholly owned Restricted Subsidiary prior to such merger) any Equity Interests in or evidences of indebtedness or other securities (including any option, warrant or other right to acquire any of the foregoing) of, make or permit to exist any loans or advances to, Guarantee any obligations of, or make or permit to exist any investment or any other interest in, any other Person, or purchase or otherwise acquire (in one transaction or a series of transactions) any assets of any other Person constituting a business unit, except:

(a) Permitted Investments;

(b) investments existing on the Effective Date and set forth on Schedule 6.04 to the Disclosure Letter;

(c) investments by the Borrower and the Restricted Subsidiaries in Equity Interests in Borrower or any Restricted Subsidiary and investments by Unrestricted Subsidiaries in Equity Interests of Borrower or any Restricted Subsidiary;

(d) loans or advances made by the Borrower or any Restricted Subsidiary to Borrower or any Restricted Subsidiary and made by any Unrestricted Subsidiary to Holdings, the Borrower or any Restricted Subsidiary;

(e) Guarantees of Indebtedness permitted under Section 6.01 and Guarantees of Permitted Convertible Notes made in compliance with the definition of Permitted Convertible Notes;

(f) investments received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business;

(g) Permitted Acquisitions;

(h) any investments in or loans to any other Person received as noncash consideration for sales, transfers, leases and other dispositions permitted by Section 6.03 or 6.05;

(i) Guarantees and indemnities by the Borrower and the Restricted Subsidiaries of leases and other agreements entered into by any Restricted Subsidiary;

(j) extensions of credit in the nature of accounts receivable or notes receivable in the ordinary course of business;

(k) investments in payroll, travel and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses for accounting purposes and that are made in the ordinary course of business;

(l) loans or advances to employees made in the ordinary course of business consistent with prudent business practice and not exceeding $10,000,000 in the aggregate outstanding at any one time;

(m) investments in or acquisitions of stock, obligations or securities received in settlement of debts created in the ordinary course of business and owing to the Borrower or any Restricted Subsidiary or in satisfaction of judgments;

(n) investments in the form of Swap Agreements permitted under Section 6.06;

(o) investments, loans, advances, guarantees and acquisitions resulting from a foreclosure by the Borrower or any Restricted Subsidiary with respect to any secured investment or other transfer of title with respect to any secured investment in default;

(p) investments, loans, advances, guarantees and acquisitions the consideration for which consists solely of shares of common stock of Holdings;

(q) the licensing from other Persons by the Borrower and the Restricted Subsidiaries of intellectual property in accordance with normal industry practice; provided that if such licensing involves the effective acquisition of any business of another Person it must be otherwise permitted by this Section 6.04;

(r) exchanges of Permitted Convertible Notes, whether or not pursuant to such Permitted Convertible Notes;

(s) contributions of Permitted Receivables Facility Assets and cash deemed received from proceeds of Permitted Receivables Facility Assets to any Receivables Entity to the extent required or made pursuant to Permitted Receivables Facility Documents or to the extent necessary to keep such Receivables Entity properly capitalized to avoid insolvency or consolidation with a Loan Party or any of the Subsidiaries; and

(t) any other investment, loan or advance (other than acquisitions) so long as the aggregate amount of all such investments, loans and advances does not exceed $50,000,000 during the term of this Agreement.

SECTION 6.05. Asset Sales. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, sell, transfer, lease or otherwise dispose of any asset, including any Equity Interest owned by it, nor will the Borrower permit any of the Restricted Subsidiaries to issue any additional Equity Interest in such Restricted Subsidiary, except:

(a) (i) sales, leases, transfers or other dispositions of inventory, used or surplus equipment and Permitted Investments in the ordinary course of business, (ii) non-cash sales or exchanges of surplus or fully-depreciated equipment in the ordinary course of business and (iii) the periodic clearance and disposal of obsolete or worn out property, including involuntary loss, damage or destruction of property, and (iv) licenses of technology in the ordinary course of business;

(b) sales, leases, transfers or other dispositions to the Borrower or a Restricted Subsidiary, provided that any such sales, transfers or dispositions to an Unrestricted Subsidiary shall be made in compliance with Section 6.07;

(c) sales, leases, transfers or other dispositions of assets (other than Equity Interests in a Subsidiary) that are not permitted by any other clause of this Section, provided that the aggregate fair market value of all assets sold, transferred or otherwise disposed of by Restricted Subsidiaries in reliance upon this clause (c) shall not exceed $50,000,000 during any fiscal year of the Borrower;

(d) sale and leaseback transactions permitted by Section 6.11;

(e) sales, leases, transfers or other dispositions of property, plant and equipment located at any of the manufacturing sites listed in Schedule 6.05(e) to the Disclosure Letter;

(f) leases of property, plant and equipment for fair market value;

(g) sales, leases, transfers or other dispositions of assets acquired pursuant to a Permitted Acquisition that in the reasonable judgment of the Borrower's management are not necessary or desirable to carry out the Borrower's business plans, to the extent binding agreements or letters of intent providing for such sales, transfers or other dispositions are entered into within 12 months after the acquisition of such assets;

(h) the licensing by the Borrower and the Restricted Subsidiaries of intellectual property to other Persons, in accordance with normal industry practice; provided that if such licensing involves the effective transfer or conveyance of any division of the Borrower or any Restricted Subsidiary utilizing such intellectual property it must be otherwise permitted by this Section 6.05;

(i) sales and other assignments, transfers or other dispositions of accounts receivable in connection with the compromise or collection thereof;

(j) factoring, sales and other assignments, transfers or other dispositions of accounts receivable of any Foreign Subsidiary in the ordinary course of business as part of any accounts receivable financing transaction in an aggregate amount not to exceed $50,000,000 during any fiscal year of the Borrower;

(k) Holdings, the Borrower and any Restricted Subsidiary may transfer, sell and/or pledge Permitted Receivables Facility Assets under Permitted Receivables Facilities (subject to the limitation that the Attributable Receivables Indebtedness thereunder shall not exceed an aggregate amount of $100,000,000); and

(l) sales, leases, transfers or other dispositions by the Borrower and the Restricted Subsidiaries of intellectual property to other Persons, in accordance with normal industry practice; provided that the aggregate purchase price or other consideration (exclusive of success or similar fees and royalties, including fees based on future enforcement of such intellectual property) for such sales in reliance upon this clause (l) shall not exceed $35,000,000 during any fiscal year of the Borrower or applicable Restricted Subsidiary;

provided that, except with respect to sales of property, plant and equipment listed in Schedule 6.05(e) to the Disclosure Letter and to the extent set forth on Schedule 6.05(e) to the Disclosure Letter, all sales, transfers, leases and other dispositions permitted hereby shall be made for fair value (other than those permitted by clause (b) above) and for consideration of at least 75% cash or cash equivalents (other than those permitted by clauses (a)(ii) and (b) above) and (ii) a Designated IP Subsidiary shall not make sales, transfers or other dispositions other than pursuant to clauses (a), (b), (f), (h) or (l) above. The foregoing cash or cash equivalents requirement shall not be deemed to preclude agreements which provide for periodic payments, such as (and without limitation) licenses, leases and sale and leaseback transactions.

SECTION 6.06. Swap Agreements. Neither Holdings nor the Borrower will, nor will they permit any of the Restricted Subsidiaries to, enter into any Swap Agreement, except (a) Swap Agreements entered into to hedge or mitigate risks to which the Borrower or any Restricted Subsidiary has actual exposure (other than those in respect of Equity Interests of the Borrower or any Restricted Subsidiaries), (b) Swap Agreements entered into in order to effectively cap, collar, currency exchange or exchange interest rates (from fixed to floating rates, from one floating rate to another floating rate or otherwise) with respect to any interest-bearing liability or investment of the Borrower or any Restricted Subsidiary, (c) each of Holdings and the Borrower may enter into, and perform its respective obligations under, Permitted Call Spread Swap Agreements and (d) Swap Agreements in respect of Equity Interests of Holdings, the Borrower or any Restricted Subsidiaries entered into in connection with share repurchase transactions.

SECTION 6.07. Transactions with Affiliates. Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, sell, lease or otherwise transfer any property or assets to, or purchase, lease or otherwise acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except (a) transactions that are at prices and on terms and conditions not less favorable to the Borrower or such Restricted Subsidiary than could be obtained on an arm's-length basis from unrelated third parties, (b) transactions between or among Holdings, the Borrower and the Restricted Subsidiaries, (c) any issuance of securities, or other payments, awards or grants in cash, securities or otherwise pursuant to, or the funding of, employment arrangements, stock options and stock ownership or other employee benefit plans or programs approved by the board of directors of Holdings (including an authorized committee thereof), (d) the grant of stock options, restricted stock, other stock-based awards or similar rights to officers, employees, consultants and directors of Holdings pursuant to plans approved by the board of directors of Holdings (including an authorized committee thereof) and the payment of amounts or the issuance of securities pursuant thereto, (e) loans or advances to employees in the ordinary course of business consistent with prudent business practice, but in any event not to exceed $10,000,000 in the aggregate outstanding at any one time, (f) any Restricted Payment permitted by Section 6.08 and (g) transactions contemplated by any Permitted Receivables Facility Documents.

SECTION 6.08. Restricted Payments. Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, declare or make, or agree to pay or make, directly or indirectly, any Restricted Payment, except that (i) Holdings may declare and pay dividends with respect to its capital stock payable solely in additional shares of its capital stock, (ii) Restricted Subsidiaries may declare and pay dividends ratably with respect to their Equity Interests, (iii) Holdings may make Restricted Payments, not exceeding $15,000,000 during any fiscal year, pursuant to and in accordance with stock option plans or other benefit plans for management, directors, consultants or employees of Holdings, the Borrower and the Restricted Subsidiaries, including the redemption or purchase of capital stock of Holdings held by former directors, management, consultants or employees of Holdings, the Borrower or any Restricted Subsidiary following termination of their employment, (iv) the Borrower may pay dividends to Holdings at such times and in such amounts, not exceeding $7,500,000 during any fiscal year, as shall be necessary to permit Holdings to discharge its permitted liabilities, (v) Restricted Payments may be made in the form of capital stock issued by Holdings, (vi) each of Holdings and the Borrower may enter into, exercise its respective rights and perform its respective obligations under Permitted Call Spread Swap Agreements, (vii) Holdings and the Borrower may make deliveries of shares of its common stock upon conversion of Permitted Convertible Notes pursuant to the terms thereof, (viii) Holdings and the Borrower may make interest payments in respect of Indebtedness under Permitted Convertible Notes, (ix) any Receivables Entity may declare and pay dividends to Holdings or any wholly-owned subsidiary thereof and (x) other Restricted Payments may be made so long as prior to making any such Restricted Payment, and after giving effect thereto (including on a pro forma basis), (A) no Default or Event of Default shall exist and (B) the Senior Leverage Ratio does not exceed 2.75 to 1.00.

SECTION 6.09. Restrictive Agreements. Neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, directly or indirectly, enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (a) the ability of Holdings, the Borrower or any Restricted Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (b) the ability of any Restricted Subsidiary to pay dividends or other distributions with respect to holders of its Equity Interests or to make or repay loans or advances to the Borrower or any other Restricted Subsidiary or to Guarantee Indebtedness of the Borrower or any other Restricted Subsidiary; provided that (i) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, (ii) the foregoing shall not apply to restrictions and conditions existing on the Effective Date identified on Schedule 6.09 to the Disclosure Letter (but shall apply to any extension or renewal of, or any amendment or modification if it expands the scope of, any such restriction or condition), (iii) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Restricted Subsidiary pending such sale, provided such restrictions and conditions apply only to the Restricted Subsidiary that is to be sold and such sale is permitted hereunder, (iv) the foregoing shall not apply to restrictions and conditions contained in agreements of any Person that becomes a Restricted Subsidiary or is merged into or consolidated with the Borrower or any Restricted Subsidiary or agreements assumed from any Person in connection with the acquisition of assets by the Borrower or any Restricted Subsidiary of such Person after the date hereof, provided that such agreements exist at the time such Person becomes a Restricted Subsidiary or such agreements are assumed and in each case are not created in contemplation of or in connection with such Person becoming a Restricted Subsidiary or the agreements being assumed; (v) clause (a) of the foregoing shall not apply to restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (vi) clause (a) of the foregoing shall not apply to customary provisions in leases and other agreements restricting the assignment thereof or any interest therein, (vii) clause (a) of the foregoing shall not apply to customary negative pledge clauses and restrictions on the ability of Holdings, the Borrower or any Subsidiary to Guarantee Indebtedness; provided that such restrictions do not limit the ability of the Obligations under this Agreement to be Guaranteed or to be secured by any Lien on any of the properties or assets of Holdings, the Borrower or any Restricted Subsidiary (including without limitation pursuant to the Subsidiary Guaranty and Pledge Agreements), (viii) the foregoing restrictions shall not apply to customary restrictions and conditions imposed by agreements relating to Indebtedness of a Foreign Subsidiary permitted under Section 6.01(a) so long as (A) such restrictions and conditions only apply to such Foreign Subsidiary and its subsidiaries and (B) the aggregate principal amount of all such Indebtedness of all Foreign Subsidiaries covered by this clause (viii) does not exceed $125,000,000, (ix) clause (a) of the foregoing shall not apply to customary restrictions or conditions imposed by a foreign government or any political subdivision of any foreign government or any public instrumentality thereof in connection with the transfer or disposition of assets and (x) the foregoing restrictions shall not apply to customary restrictions and conditions contained in Permitted Receivables Facility Documents.

SECTION 6.10. Subordinated Indebtedness and Amendments to Subordinated Indebtedness Documents. Neither Holdings nor the Borrower will nor will they permit any Restricted Subsidiary to, directly or indirectly voluntarily prepay, defease or in substance defease, purchase, redeem, retire or otherwise acquire, any Subordinated Indebtedness or any Indebtedness from time to time outstanding under the Subordinated Indebtedness Documents; provided that any such prepayment, defeasance, purchase, redemption, retirement or acquisition may be made so long as prior thereto, and after giving effect thereto (including on a pro forma basis), (A) no Default or Event of Default shall exist and (B) the Senior Leverage Ratio does not exceed 2.75 to 1.00. Furthermore, neither Holdings nor the Borrower will, nor will they permit any Restricted Subsidiary to, amend the Subordinated Indebtedness Documents or any document, agreement or instrument evidencing any Indebtedness incurred pursuant to the Subordinated Indebtedness Documents (or any replacements, substitutions, extensions or renewals thereof) or pursuant to which such Indebtedness is issued where such amendment, modification or supplement amends, modifies or adds any provisions thereof in a manner which, when taken as a whole, are (i) materially adverse to Holdings, the Borrower and the Restricted Subsidiary and/or the Lenders or (ii) more onerous in any material respect than the existing applicable provisions in the Subordinated Indebtedness Documents or the applicable provisions set forth in this Agreement, in each case as determined by the board of directors (including an authorized committee thereof) of Holdings for Holdings or as the sole member of the Borrower, as the case may be, in good faith.

SECTION 6.11. Sale and Leaseback Transactions. The Borrower will not, and will not permit any of the Restricted Subsidiaries to, enter into any arrangement, directly or indirectly, whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property that it intends to use for substantially the same purpose or purposes as the property sold or transferred, except for (a) any such sale of any fixed or capital assets that is made for cash consideration in an amount not less than the cost of such fixed or capital asset and is consummated within 180 days after the Borrower or such Restricted Subsidiary acquires or completes the construction of such fixed or capital asset and (b) any such sales and leasebacks made after the Effective Date of real or personal property with an aggregate fair value not to exceed $50,000,000 during any four consecutive quarter period.

SECTION 6.12. Financial Covenants.

(a) Maximum Total Leverage Ratio. Neither Holdings nor the Borrower will permit the ratio (the "Total Leverage Ratio"), determined as of the end of each of its fiscal quarters ending on or about September 30, 2013 and thereafter, of (i) Consolidated Total Indebtedness to (ii) Consolidated EBITDA for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for Holdings, the Borrower and the Restricted Subsidiaries on a consolidated basis, to be greater than 3.75 to 1.00.

(b) Minimum Interest Coverage Ratio. Neither Holdings nor the Borrower will permit the ratio (the "Interest Coverage Ratio"), determined as of the end of each of its fiscal quarters ending on or about September 30, 2013 and thereafter, of (i) Consolidated EBITDA to (ii) Consolidated Interest Expense paid or payable in cash, in each case for the period of four (4) consecutive fiscal quarters ending with the end of such fiscal quarter, all calculated for Holdings, the Borrower and the Restricted Subsidiaries on a consolidated basis, to be less than 3.50 to 1.00.

SECTION 6.13. Designation of Subsidiaries. The board of directors of Holdings may, at any time from and after the Effective Date, designate any Restricted Subsidiary as an Unrestricted Subsidiary or any Unrestricted Subsidiary as a Restricted Subsidiary; provided that (i) immediately before and after such designation, no Default or Event of Default shall have occurred and be continuing, (ii) immediately after giving effect to such designation, Holdings and the Borrower shall be in compliance with the covenants set forth in Section 6.12 on a pro forma basis, (iii) no Restricted Subsidiary may be designated as an Unrestricted Subsidiary if it was previously designated as an Unrestricted Subsidiary and (iv) if a Restricted Subsidiary is being designated as an Unrestricted Subsidiary hereunder, such Restricted Subsidiary, together with all other Unrestricted Subsidiaries as of such date of designation, must not have contributed greater than ten percent (10%) of Consolidated Total Assets (but, notwithstanding the definition of Consolidated Total Assets, calculated inclusive of all Unrestricted Subsidiaries), as of the most recently ended fiscal quarter of the Holdings for which financial statements have been delivered pursuant to Section 5.01(a) (or, if prior to the date of the delivery of the first financial statements to be delivered pursuant to Section 5.01(a), the most recent financial statements referred to in Section 3.04(a)(ii)). The designation of any Restricted Subsidiary as an Unrestricted Subsidiary after the Effective Date shall constitute an investment by Holdings, the Borrower or the applicable Restricted Subsidiary therein at the date of designation in an amount equal to the fair market value of Holdings', the Borrower's or the applicable Restricted Subsidiary's investment therein. None of Holdings, the Borrower or any Restricted Subsidiary shall at any time be directly or indirectly liable for any Indebtedness that provides the holder thereof may (with the passage of time or notice or both) declare a default thereon or cause the payment thereof to be accelerated upon the occurrence of a default with respect to any Indebtedness, Lien or other obligation of an Unrestricted Subsidiary (including any right to take enforcement action against such Unrestricted Subsidiary). The designation of any Unrestricted Subsidiary as a Restricted Subsidiary shall constitute (i) the incurrence at the time of designation of any investment, Indebtedness or Liens of such Subsidiary existing at such time and (ii) a return on any investment by Holdings, the Borrower or the applicable Restricted Subsidiary in Unrestricted Subsidiaries pursuant to the preceding sentence in an amount equal to the fair market value at the date of such designation of Holdings', the Borrower's or such Restricted Subsidiary's investment in such Subsidiary. Notwithstanding the foregoing, neither the Borrower nor any Designated IP Subsidiary shall be permitted to be an Unrestricted Subsidiary.

SECTION 6.14. Anti-Corruption Laws and Sanctions. The Borrower will not request any Borrowing or Letter of Credit, and the Borrower shall not use, and shall procure that Holdings, the Subsidiaries and its or their respective directors, officers, employees and agents shall not use, the proceeds of any Borrowing or Letter of Credit (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

ARTICLE VII

Events of Default

SECTION 7.01. Events of Default. If any of the following events ("Events of Default") shall occur:

(a) the Borrower shall fail to pay any principal of any Loan or any reimbursement obligation in respect of any LC Disbursement when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or otherwise;

(b) the Borrower shall fail to pay any interest on any Loan or any fee or any other amount (other than an amount referred to in clause (a) of this Section 7.01) payable under this Agreement or any other Loan Document, when and as the same shall become due and payable, and such failure shall continue unremedied for a period of five (5) Business Days;

(c) any representation or warranty made or deemed made by or on behalf of Holdings, the Borrower or any Restricted Subsidiary in or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, or in any certificate or other document furnished pursuant to or in connection with any Loan Document or any amendment or modification thereof or waiver thereunder, shall prove to have been incorrect in any material respect when made or deemed made;

(d) Holdings or the Borrower shall fail to observe or perform any covenant, condition or agreement contained in Section 5.02, 5.03 (with respect to the existence of Holdings or the Borrower), 5.08, 5.09 or 5.10, in Article VI or in Article X;

(e) any Loan Party shall fail to observe or perform any covenant, condition or agreement contained in any Loan Document (other than those specified in clause (a), (b) or (d) of this Section 7.01), and such failure shall continue unremedied for a period of 30 days after notice thereof from the Administrative Agent to the Borrower (which notice will be given at the request of any Lender);

(f) Holdings, the Borrower or any Restricted Subsidiary shall fail to make any payment (whether of principal or interest and regardless of amount) in respect of any Material Indebtedness, when and as the same shall become due and payable after giving effect to any applicable grace or similar period with respect thereto;

(g) any event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity, provided that this clause (g) shall not apply to (i) any secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness, (ii) any requirement to make a cash payment as a result of the early termination of a Permitted Call Spread Swap Agreement, (iii) any requirement to deliver cash or equity securities upon conversion of Permitted Convertible Notes and (iv) any requirement to deliver cash or equity securities upon exercise of put and call options under Permitted Convertible Notes to the extent not prohibited by Section 6.08;

(h) an involuntary proceeding shall be commenced or an involuntary petition shall be filed seeking (i) liquidation, reorganization or other relief in respect of Holdings, the Borrower or, subject to Section 7.02, any Restricted Subsidiary or its debts, or of a substantial part of its assets, under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect or (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or, subject to Section 7.02, any Restricted Subsidiary or for a substantial part of its assets, and, in any such case, such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(i) Holdings, the Borrower or, subject to Section 7.02, any Restricted Subsidiary shall (i) voluntarily commence any proceeding or file any petition seeking liquidation, reorganization or other relief under any Federal, state or foreign bankruptcy, insolvency, receivership or similar law now or hereafter in effect, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or petition described in clause (h) of this Section 7.01, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or, subject to Section 7.02, any Restricted Subsidiary or for a substantial part of its assets, (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors or (vi) take any action for the purpose of effecting any of the foregoing;

(j) Holdings, the Borrower or, subject to Section 7.02, any Restricted Subsidiary, shall become unable, admit in writing its inability or fail generally to pay its debts as they become due;

(k) one or more judgments for the payment of money in an aggregate amount in excess of $50,000,000 (net of amounts covered by insurance as to which the insurer has not denied coverage) shall be rendered against Holdings, the Borrower, any Restricted Subsidiary or any combination thereof and the same shall remain undischarged for a period of 30 consecutive days during which execution shall not be effectively stayed or appealed, or any action shall be legally taken by a judgment creditor to attach or levy upon any assets of Holdings, the Borrower or any Restricted Subsidiary to enforce any such judgment;

(l) an ERISA Event shall have occurred that, when taken together with all other ERISA Events that have occurred, could reasonably be expected to result in a Material Adverse Effect;

(m) any security interest purported to be created under any Pledge Agreement shall cease to be, or shall be asserted by any Loan Party not to be, a valid and perfected first priority security interest in Pledged Equity having, in the aggregate, a value in excess of $10,000,000, except (i) as a result of the sale or other disposition of the applicable Pledged Equity in a transaction permitted under the Loan Documents, (ii) any action taken by the Administrative Agent to release any such security interest in compliance with the provisions of this Agreement or any other Loan Document or (iii) as a result of the Administrative Agent's failure to maintain possession of any stock certificates or other instruments delivered to it under a Pledge Agreement;

(n) the Subsidiary Guaranty or the guaranty under Article X, at any time after its execution and delivery and for any reason other than as expressly permitted hereunder or thereunder or satisfaction in full of all the Obligations, ceases to be in full force and effect; or any Loan Party or any other Person contests in any manner the validity or enforceability of the Subsidiary Guaranty or such guaranty; or any Loan Party denies that it has any or further liability or obligation under the Subsidiary Guaranty or such guaranty, or purports to revoke, terminate or rescind the Subsidiary Guaranty or such guaranty; or

(o) a Change in Control shall occur;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in clause (h) or (i) of this Article), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to Holdings, take either or both of the following actions, at the same or different times: (i) terminate the Commitments, and thereupon the Commitments shall terminate immediately, and (ii) declare the Loans then outstanding to be due and payable in whole (or in part, in which case any principal not so declared to be due and payable may thereafter be declared to be due and payable), and thereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all fees and other Obligations of Holdings and the Borrower accrued hereunder and under the other Loan Documents, shall become due and payable immediately, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower; and in case of any event with respect to Holdings or the Borrower described in clause (h) or (i) of this Article, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all fees and other Obligations accrued hereunder and under the other Loan Documents, shall automatically become due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby waived by Holdings and the Borrower. Upon the occurrence and during the continuance of an Event of Default, the Administrative Agent may, and at the request of the Required Lenders shall, exercise any rights and remedies provided to the Administrative Agent under the Loan Documents or at law or equity.

If any proceeds of Pledged Equity are received by the Administrative Agent after an Event of Default has occurred and is continuing and the Administrative Agent so elects or the Required Lenders so direct, such funds shall be applied ratably first, to pay any fees, indemnities, or expense reimbursements including amounts then due to the Administrative Agent and the Issuing Bank, each in their respective capacities as such, from Holdings and the Borrower, second, to pay any fees or expense reimbursements then due to the Lenders from Holdings and the Borrower, third, to pay interest then due and payable on the Loans ratably, fourth, to prepay principal on the Loans and unreimbursed LC Disbursements and any other amounts owing with respect to Banking Services Obligations and Swap Obligations ratably, fifth, to pay an amount to the Administrative Agent equal to one hundred five percent (105%) of the aggregate undrawn face amount of all outstanding Letters of Credit and the aggregate amount of any unpaid LC Disbursements, to be held as cash collateral for such Obligations and sixth, to the payment of any other Obligation due to the Administrative Agent or any Lender by Holdings or the Borrower. The Administrative Agent and the Lenders shall have the continuing and exclusive right to apply and reverse and reapply any and all such proceeds and payments to any portion of the Obligations.

SECTION 7.02. Exclusion of Immaterial Subsidiaries. Solely for the purposes of determining whether a Default has occurred under clause (h), (i) or (j) of Section 7.01, any reference in any such clause to any "Restricted Subsidiary" shall be deemed not to include any Restricted Subsidiary affected by any event or circumstance referred to in any such clause that did not, as of the last day of the fiscal quarter of Holdings most recently ended, have assets with a value in excess of 5.0% of Consolidated Total Assets as of such date, provided that if it is necessary to exclude more than one Restricted Subsidiary from clause (h), (i) or (j) of Section 7.01 pursuant to this Section in order to avoid a Default thereunder, all excluded Restricted Subsidiaries shall be considered to be a single consolidated Restricted Subsidiary for purposes of determining whether the condition specified above is satisfied.

ARTICLE VIII

The Administrative Agent

Each of the Lenders and the Issuing Bank hereby irrevocably appoints the Administrative Agent as its agent and authorizes the Administrative Agent to take such actions on its behalf, including execution of the other Loan Documents, and to exercise such powers as are delegated to the Administrative Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto.

The bank serving as the Administrative Agent hereunder shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not the Administrative Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings, the Borrower or any Subsidiary or other Affiliate thereof as if it were not the Administrative Agent hereunder.

The Administrative Agent shall not have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required to exercise in writing as directed by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02), and (c) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to Holdings, the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.02) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall be deemed not to have knowledge of any Default unless and until written notice thereof is given to the Administrative Agent by Holdings, the Borrower or a Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered hereunder or in connection with any Loan Document, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, (v) the satisfaction of any condition set forth in Article IV or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent or (vi) the creation, perfection or priority of Liens on the Pledged Equity or the existence of the Pledged Equity.

The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Administrative Agent also may rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (who may be counsel for Holdings), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

The Administrative Agent may perform any and all of its duties and exercise its rights and powers by or through any one or more sub-agents appointed by the Administrative Agent. The Administrative Agent and any such sub-agent may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided in this paragraph, the Administrative Agent may resign at any time by notifying the Lenders, the Issuing Bank and Holdings. Upon any such resignation, the Required Lenders shall have the right to appoint a successor with the approval of the Borrower (such approval not to be unreasonably withheld or delayed; provided that no such approval shall be required if an Event of Default has occurred and is continuing). If no successor shall have been so appointed by the Required Lenders (and, if required, approved by the Borrower) and shall have accepted such appointment within thirty (30) days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders and the Issuing Bank, appoint a successor Administrative Agent which shall be a bank with an office in New York, New York, or an Affiliate of any such bank. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder; provided that, solely for purposes of maintaining any security interest granted to the Administrative Agent under any Pledge Agreement for the benefit of the Secured Parties, the retiring Administrative Agent shall continue to be vested with such security interest as collateral agent for the benefit of the Secured Parties and, in the case of any Pledged Equity in the possession of the Administrative Agent, shall continue to hold such Pledged Equity, in each case until such time as a successor Administrative Agent is appointed and accepts such appointment in accordance with this paragraph (it being understood and agreed that the retiring Administrative Agent shall have no duty or obligation to take any further action under any Pledge Agreement, including any action required to maintain the perfection of any such security interest). The fees payable by the Borrower to a successor Administrative Agent shall be the same as those payable to its predecessor unless otherwise agreed between Holdings and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.03 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while it was acting as Administrative Agent.

Each Lender acknowledges and agrees that the extensions of credit made hereunder are commercial loans and letters of credit and not investments in a business enterprise or securities. Each Lender further represents that it is engaged in making, acquiring or holding commercial loans in the ordinary course of its business and has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement as a Lender, and to make, acquire or hold Loans hereunder. Each Lender shall, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information (which may contain material, non-public information within the meaning of the United States securities laws concerning Holdings, the Borrower and their respective Affiliates) as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement, any related agreement or any document furnished hereunder or thereunder and in deciding whether or to the extent to which it will continue as a Lender or assign or otherwise transfer its rights, interests and obligations hereunder.

None of the Lenders, if any, identified in this Agreement as a Co-Syndication Agent or a Co-Documentation Agent shall have any right, power, obligation, liability, responsibility or duty under this Agreement other than those applicable to all Lenders as such. Without limiting the foregoing, none of such Lenders shall have or be deemed to have a fiduciary relationship with any Lender. Each Lender hereby makes the same acknowledgments with respect to the relevant Lenders in their respective capacities as Co-Syndication Agent or Co-Documentation Agent as it makes with respect to the Administrative Agent in the preceding paragraph.

The Lenders are not partners or co-venturers, and no Lender shall be liable for the acts or omissions of, or (except as otherwise set forth herein in case of the Administrative Agent) authorized to act for, any other Lender. The Administrative Agent shall have the exclusive right on behalf of the Lenders to enforce the payment of the principal of and interest on any Loan after the date such principal or interest has become due and payable pursuant to the terms of this Agreement.

In its capacity, the Administrative Agent is a “representative” of the Secured Parties within the meaning of the term “secured party” as defined in the New York Uniform Commercial Code. Each Lender authorizes the Administrative Agent to enter into each of the Pledge Agreements to which it is a party and to take all action contemplated by such documents. Each Lender agrees that no Secured Party (other than the Administrative Agent) shall have the right individually to seek to realize upon the security granted by any Pledge Agreement, it being understood and agreed that such rights and remedies may be exercised solely by the Administrative Agent for the benefit of the Secured Parties upon the terms of the Pledge Agreements. In the event that any Pledged Equity is hereafter pledged by any Person as collateral security for the Obligations, the Administrative Agent is hereby authorized, and hereby granted a power of attorney, to execute and deliver on behalf of the Secured Parties any Loan Documents necessary or appropriate to grant and perfect a Lien on such Pledged Equity in favor of the Administrative Agent on behalf of the Secured Parties. The Lenders hereby authorize the Administrative Agent, at its option and in its discretion, to release any Lien granted to or held by the Administrative Agent upon any Pledged Equity (i) as described in Section 9.02(d); (ii) as permitted by, but only in accordance with, the terms of the applicable Loan Document; or (iii) if approved, authorized or ratified in writing by the Required Lenders, unless such release is required to be approved by all of the Lenders hereunder. Upon request by the Administrative Agent at any time, the Lenders will confirm in writing the Administrative Agent’s authority to release particular types or items of Pledged Equity pursuant hereto. Upon any sale or transfer of assets constituting Pledged Equity which is permitted pursuant to the terms of any Loan Document, or consented to in writing by the Required Lenders or all of the Lenders, as applicable, and upon at least five (5) Business Days’ prior written request by Holdings to the Administrative Agent, the Administrative Agent shall (and is hereby irrevocably authorized by the Lenders to) execute such documents as may be necessary to evidence the release of the Liens granted to the Administrative Agent for the benefit of the Secured Parties herein or pursuant hereto upon the Pledged Equity that was sold or transferred; provided, however, that (i) the Administrative Agent shall not be required to execute any such document on terms which, in the Administrative Agent’s opinion, would expose the Administrative Agent to liability or create any obligation or entail any consequence other than the release of such Liens without recourse or warranty, and (ii) such release shall not in any manner discharge, affect or impair the Obligations or any Liens upon (or obligations of Holdings, the Borrower or any Subsidiary in respect of) all interests retained by Holdings, the Borrower or any Subsidiary, including (without limitation) the proceeds of the sale, all of which shall continue to constitute part of the Pledged Equity.

Each of Holdings, on its behalf and on behalf of the Subsidiaries, the Borrower, and each Lender, on its behalf and on the behalf of its affiliated Secured Parties, hereby irrevocably constitute the Administrative Agent as the holder of an irrevocable power of attorney (*fondé de pouvoir* within the meaning of Article 2692 of the Civil Code of Québec) in order to hold hypothecs and security granted by Holdings, the Borrower or any Subsidiary on property pursuant to the laws of the Province of Québec to secure obligations of Holdings, the Borrower or any Subsidiary under any bond, debenture or similar title of indebtedness issued by Holdings, the Borrower or any Subsidiary in connection with this Agreement, and agree that the Administrative Agent may act as the bondholder and mandatary with respect to any bond, debenture or similar title of indebtedness that may be issued by Holdings, the Borrower or any Subsidiary and pledged in favor of the Secured Parties in connection with this Agreement. Notwithstanding the provisions of Section 32 of the An Act respecting the special powers of legal persons (Québec), JPMorgan Chase Bank, N.A. as Administrative Agent may acquire and be the holder of any bond issued by Holdings, the Borrower or any Subsidiary in connection with this Agreement (i.e., the *fondé de pouvoir* may acquire and hold the first bond issued under any deed of hypothec by Holdings, the Borrower or any Subsidiary).

The Administrative Agent is hereby authorized to execute and deliver any documents necessary or appropriate to create and perfect the rights of pledge for the benefit of the Secured Parties including a right of pledge with respect to the entitlements to profits, the balance left after winding up and the voting rights of Holdings as ultimate parent of any subsidiary of Holdings which is organized under the laws of the Netherlands and the Equity Interests of which are pledged in connection herewith (a "Dutch Pledge"). Without prejudice to the provisions of this Agreement and the other Loan Documents, the parties hereto acknowledge and agree with the creation of parallel debt obligations of Holdings or any relevant Subsidiary as will be described in any Dutch Pledge (the "Parallel Debt"), including that any payment received by the Administrative Agent in respect of the Parallel Debt will - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed a satisfaction of a pro rata portion of the corresponding amounts of the Obligations, and any payment to the Secured Parties in satisfaction of the Obligations shall - conditionally upon such payment not subsequently being avoided or reduced by virtue of any provisions or enactments relating to bankruptcy, insolvency, preference, liquidation or similar laws of general application - be deemed as satisfaction of the corresponding amount of the Parallel Debt. The parties hereto acknowledge and agree that, for purposes of a Dutch Pledge, any resignation by the Administrative Agent is not effective until its rights under the Parallel Debt are assigned to the successor Administrative Agent.

The parties hereto acknowledge and agree for the purposes of taking and ensuring the continuing validity of German law governed pledges (*Pfandrechte*) with the creation of parallel debt obligations of Holdings, the Borrower and the Subsidiaries as will be further described in a separate German law governed parallel debt undertaking. The Administrative Agent shall (i) hold such parallel debt undertaking as fiduciary agent (*Treuhänder*) and (ii) administer and hold as fiduciary agent (*Treuhänder*) any pledge created under a German law governed Pledge Agreement which is created in favor of any Secured Party or transferred to any Secured Party due to its accessory nature (*Akzessorietät*), in each case of (i) and (ii) in its own name and for the account of the Secured Parties. Each Lender (on behalf of itself and its affiliated Secured Parties) hereby authorizes the Administrative Agent to enter as its agent (*Vertreter*) in its name and on its behalf into any German law governed Pledge Agreement, accept as its agent in its name and on its behalf any pledge or other creation of any accessory security right in relation to this Agreement and to agree to and execute on its behalf as its representative in its name and on its behalf any amendments, supplements and other alterations to any such Pledge Agreement and to release on behalf of any such Lender or Secured Party any such Pledge Agreement and any pledge created under any such Pledge Agreement in accordance with the provisions herein and/or the provisions in any such Pledge Agreement.

ARTICLE IX

Miscellaneous

SECTION 9.01. Notices. (a) Except in the case of notices and other communications expressly permitted to be given by telephone (and subject to paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by telecopy, as follows:

(i) if to Holdings or the Borrower, to it at 5005 E. McDowell Road, Phoenix, AZ 85008, Attention of Treasurer (Telecopy No. (602) 244-5139; Telephone No. (602) 244-7291), with a copy (in the case of a notice of Default) to General Counsel (Telecopy No. (602) 244-5500; Telephone No. (602) 244-5226);

(ii) if to the Administrative Agent, (A) in the case of Borrowings denominated in Dollars, to JPMorgan Chase Bank, N.A., 10 South Dearborn Street, Chicago, Illinois 60603, Attention of April Yebd (Telecopy No. (888) 292-9533; Email: jpm.agency.servicing.4@jpmorgan.com) and (B) in the case of Borrowings denominated in Foreign Currencies, to J.P. Morgan Europe Limited, 25 Bank Street, Canary Wharf, London E14 5JP, Attention of The Manager, Loan & Agency Services (Telecopy No. 44 207 777 2360; Email: loan_and_agency_london@jpmorgan.com), and in each case with a copy to JPMorgan Chase Bank, N.A., 1301 2nd Avenue, Floor 25, Seattle, Washington 98101, Attention of Keith F. Winzenried (Telecopy No. (208) 298-0693; Email: keith.f.winzenried@jpmorgan.com);

(iii) if to the Issuing Bank, to it at JPMorgan Chase Bank, N.A., 10 South Dearborn Street, Chicago, Illinois 60603, Attention of Prashanth K. Kallakuri (Telecopy No. (855) 609-9959; Email: Chicago.LC.Agency.Activity.Team@jpmchase.com);

(iv) if to the Swingline Lender, to it at JPMorgan Chase Bank, N.A., 10 South Dearborn Street, Chicago, Illinois 60603, Attention of April Yebd (Telecopy No. (888) 292-9533; Email: jpm.agency.servicing.4@jpmorgan.com); and

(v) if to any other Lender, to it at its address (or telecopy number) set forth in its Administrative Questionnaire.

Notices sent by hand or overnight courier service, or mailed by certified or registered mail, shall be deemed to have been given when received; notices sent by facsimile shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through Electronic Systems, to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Notices and other communications to the Lenders and the Issuing Bank hereunder may be delivered or furnished by using Electronic Systems pursuant to procedures approved by the Administrative Agent; provided that the foregoing shall not apply to notices pursuant to Article II unless otherwise agreed by the Administrative Agent and the applicable Lender. The Administrative Agent, Holdings or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it; provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient, at its e-mail address as described in the foregoing clause (i), of notification that such notice or communication is available and identifying the website address therefor; provided that, for both clauses (i) and (ii) above, if such notice, email or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient.

(c) Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt.

(d) Electronic Systems.

(i) Holdings and the Borrower agree that the Administrative Agent may, but shall not be obligated to, make Communications (as defined below) available to the Issuing Bank and the other Lenders by posting the Communications on Debt Domain, Intralinks, Syndtrak, ClearPar or a substantially similar Electronic System.

(ii) Any Electronic System used by the Administrative Agent is provided "as is" and "as available." The Agent Parties (as defined below) do not warrant the adequacy of such Electronic Systems and expressly disclaim liability for errors or omissions in the Communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third-party rights or freedom from viruses or other code defects, is made by any Agent Party in connection with the Communications or any Electronic System. In no event shall the Administrative Agent or any of its Related Parties (collectively, the "Agent Parties") have any liability to any Loan Party, any Lender, the Issuing Bank or any other Person or entity for damages of any kind, including, without limitation, direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any Loan Party's or the Administrative Agent's transmission of Communications through an Electronic System. "Communications" means, collectively, any notice, demand, communication, information, document or other material provided by or on behalf of any Loan Party pursuant to any Loan Document or the transactions contemplated therein which is distributed by the Administrative Agent, any Lender or the Issuing Bank by means of electronic communications pursuant to this Section, including through an Electronic System.

SECTION 9.02. Waivers; Amendments. (a) No failure or delay by the Administrative Agent, the Issuing Bank or any Lender in exercising any right or power hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Issuing Bank and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by Holdings or the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan or issuance of a Letter of Credit shall not be construed as a waiver of any Default, regardless of whether the Administrative Agent, any Lender or the Issuing Bank may have had notice or knowledge of such Default at the time.

(b) Except as provided in Section 2.20 with respect to an Incremental Term Loan Amendment, neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by Holdings, the Borrower and the Required Lenders or by Holdings, the Borrower and the Administrative Agent with the consent of the Required Lenders; provided that no such agreement shall (i) increase the Commitments of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or LC Disbursement or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender directly affected thereby, (iii) postpone the scheduled date of payment of the principal amount of any Loan or LC Disbursement, or any interest thereon, or any fees payable hereunder, or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date of expiration of any Commitment, without the written consent of each Lender directly affected thereby, (iv) change Section 2.18(b) or (d) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section or the definition of "Required Lenders" or the percentage with respect to any Class of Lenders in the definition of the term "Majority in Interest" or any other provision hereof specifying the number or percentage of Lenders required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the written consent of each Lender (it being understood that, solely with the consent of the parties prescribed by Section 2.20 to be parties to an Incremental Term Loan Amendment, Incremental Term Loans may be included in the determination of Required Lenders on substantially the same basis as the Commitments and the Revolving Loans are included on the Effective Date), (vi) release Holdings or the Borrower from its obligations under Article X, or release all or substantially all of the Subsidiary Guarantors from their obligations under the Subsidiary Guaranty, in each case without the written consent of each Lender or (vii) except as provided in clause (d) of this Section or in any Pledge Agreement, release all or substantially all of the Pledged Equity without the written consent of each Lender; provided further that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent, the Issuing Bank or the Swingline Lender hereunder without the prior written consent of the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be (it being understood that any change to Section 2.22 shall require the consent of the Administrative Agent, the Issuing Bank and the Swingline Lender). Notwithstanding the foregoing, no consent with respect to any amendment, waiver or other modification of this Agreement shall be required of any Defaulting Lender, except with respect to any amendment, waiver or other modification referred to in clause (i), (ii) or (iii) of the first proviso of this paragraph and then only in the event such Defaulting Lender shall be directly affected by such amendment, waiver or other modification.

(c) Notwithstanding the foregoing, this Agreement and any other Loan Document may be amended (or amended and restated) with the written consent of the Required Lenders, the Administrative Agent, Holdings and the Loan Parties party to each relevant Loan Document (x) to add one or more credit facilities (in addition to the Incremental Term Loans pursuant to an Incremental Term Loan Amendment) to this Agreement and to permit extensions of credit from time to time outstanding thereunder and the accrued interest and fees in respect thereof to share ratably in the benefits of this Agreement and the other Loan Documents with the Revolving Loans, Incremental Term Loans and the accrued interest and fees in respect thereof and (y) to include appropriately the Lenders holding such credit facilities in any determination of the Required Lenders and Lenders.

(d) The Lenders hereby irrevocably authorize the Administrative Agent, at its option and in its sole discretion, to release any Liens granted to the Administrative Agent by the Loan Parties on any Pledged Equity (i) upon the termination of all the Commitments, payment and satisfaction in full in cash of all Obligations (other than Obligations not yet due and payable to the Lenders or any of their Affiliates under any Swap Agreement or any Banking Services Agreement), (ii) constituting property being sold or disposed of if Holdings certifies to the Administrative Agent that the sale or disposition is made in compliance with the terms of this Agreement (and the Administrative Agent may rely conclusively on any such certificate, without further inquiry), or (iii) as required to effect any sale or other disposition of such Pledged Equity in connection with any exercise of remedies of the Administrative Agent and the Lenders pursuant to Article VII. Any such release shall not in any manner discharge, affect, or impair the Obligations or any Liens (other than those expressly being released) upon (or obligations of the Loan Parties in respect of) all interests retained by the Loan Parties, including the proceeds of any sale, all of which shall continue to constitute part of the Pledged Equity.

(e) If, in connection with any proposed amendment, waiver or consent requiring the consent of "each Lender" or "each Lender directly affected thereby," the consent of the Required Lenders is obtained, but the consent of other necessary Lenders is not obtained (any such Lender whose consent is necessary but not obtained being referred to herein as a "Non-Consenting Lender"), then Holdings may, at its sole cost and expense, elect to replace a Non-Consenting Lender as a Lender party to this Agreement, provided that, concurrently with such replacement, (i) another bank or other entity which is reasonably satisfactory to Holdings and the Administrative Agent shall agree, as of such date, to purchase for cash the Loans and other Obligations due to the Non-Consenting Lender pursuant to an Assignment and Assumption and to become a Lender for all purposes under this Agreement and to assume all obligations of the Non-Consenting Lender to be terminated as of such date and to comply with the requirements of clause (b) of Section 9.04, (ii) the Borrower shall pay to such Non-Consenting Lender in same day funds on the day of such replacement (1) all interest, fees and other amounts then accrued but unpaid to such Non-Consenting Lender by the Borrower hereunder to and including the date of termination, including without limitation payments due to such Non-Consenting Lender under Sections 2.15 and 2.17, and (2) an amount, if any, equal to the payment which would have been due to such Lender on the day of such replacement under Section 2.16 had the Loans of such Non-Consenting Lender been prepaid on such date rather than sold to the replacement Lender and (iii) the replacement Lender shall provide such consent or the appointment of such replacement Lender will result in the effectiveness of such amendment, waiver or consent.

(f) Notwithstanding anything to the contrary herein the Administrative Agent may, upon prior notice to the Lenders, with the consent of Holdings and the Borrower only, amend, modify or supplement this Agreement or any of the other Loan Documents to cure any ambiguity, omission, mistake, defect or inconsistency.

SECTION 9.03. Expenses; Indemnity; Damage Waiver. (a) The Borrower shall pay (i) all reasonable out-of-pocket expenses incurred by the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent, in connection with the syndication and distribution (including, without limitation, via the internet or through a service such as Intralinks) of the credit facilities provided for herein, the preparation and administration of this Agreement and the other Loan Documents or any amendments, modifications or waivers of the provisions hereof or thereof (whether or not the transactions contemplated hereby or thereby shall be consummated), (ii) all reasonable out-of-pocket expenses incurred by the Issuing Bank in connection with the issuance, amendment, renewal or extension of any Letter of Credit or any demand for payment thereunder and (iii) all reasonable out-of-pocket expenses incurred by the Administrative Agent, the Issuing Bank or any Lender, including the fees, charges and disbursements of any counsel for the Administrative Agent, the Issuing Bank or any Lender, in connection with the enforcement or protection of its rights in connection with this Agreement and any other Loan Document, including its rights under this Section, or in connection with the Loans made or Letters of Credit issued hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans or Letters of Credit.

(b) The Borrower shall indemnify the Administrative Agent, the Issuing Bank and each Lender, and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and reasonable and related out-of-pocket expenses, including the reasonable fees, charges and disbursements of any counsel for any Indemnitee, incurred by or asserted against any Indemnitee arising out of, in connection with, or as a result of (i) the execution or delivery of any Loan Document or any agreement or instrument contemplated thereby, the performance by the parties hereto of their respective obligations thereunder or the consummation of the Transactions or any other transactions contemplated hereby, (ii) any Loan or Letter of Credit or the use of the proceeds therefrom (including any refusal by the Issuing Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), (iii) any actual or alleged presence or release of Hazardous Materials on or from any property owned or operated by Holdings, the Borrower or any of the Subsidiaries, or any Environmental Liability related in any way to Holdings, the Borrower or any of the Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by Holdings, the Borrower or any of the Subsidiaries, and regardless of whether any Indemnitee is a party thereto; provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from (i) the gross negligence or willful misconduct of such Indemnitee or (ii) a material breach in bad faith by such Indemnitee of its express contractual obligations under the Loan Documents pursuant to a claim made by the Borrower. This Section 9.03(b) shall not apply with respect to Taxes other than any Taxes that represent losses, claims or damages arising from any non-Tax claim.

(c) To the extent that the Borrower fails to pay any amount required to be paid by it to the Administrative Agent, the Issuing Bank or the Swingline Lender under paragraph (a) or (b) of this Section (and without limiting its obligation to do so), each Lender severally agrees to pay to the Administrative Agent, the Issuing Bank or the Swingline Lender, as the case may be, such Lender's Applicable Percentage (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount (it being understood that the Borrower's failure to pay any such amount shall not relieve the Borrower of any default in the payment thereof); provided that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent, the Issuing Bank or the Swingline Lender in its capacity as such.

(d) To the extent permitted by applicable law, neither Holdings nor the Borrower shall assert, and each hereby waives, any claim against any Indemnitee (i) for any damages arising from the use by others of information or other materials obtained through telecommunications, electronic or other information transmission systems (including the Internet), or (ii) on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement, any other Loan Document or any agreement or instrument contemplated hereby or thereby, the Transactions, any Loan or Letter of Credit or the use of the proceeds thereof.

(e) All amounts due under this Section shall be payable not later than fifteen (15) days after written demand therefor.

SECTION 9.04. Successors and Assigns. (a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), except that (i) neither Holdings nor the Borrower may assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of each Lender (and any attempted assignment or transfer by Holdings or the Borrower without such consent shall be null and void) and (ii) no Lender may assign or otherwise transfer its rights or obligations hereunder except in accordance with this Section. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby (including any Affiliate of the Issuing Bank that issues any Letter of Credit), Participants (to the extent provided in paragraph (c) of this Section) and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Issuing Bank and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) (i) Subject to the conditions set forth in paragraph (b)(ii) below, any Lender may assign to one or more Persons (other than an Ineligible Institution) all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans at the time owing to it) with the prior written consent (such consent not to be unreasonably withheld or delayed) of:

(A) Holdings (provided that Holdings shall be deemed to have consented to any such assignment unless it shall object thereto by written notice to the Administrative Agent within five (5) Business Days after having received notice thereof); provided, further, that no consent of Holdings shall be required for an assignment to a Lender, an Affiliate of a Lender, an Approved Fund or, if an Event of Default has occurred and is continuing, any other assignee;

(B) the Administrative Agent;

(C) the Issuing Bank; and

(D) the Swingline Lender.

(ii) Assignments shall be subject to the following additional conditions:

(A) except in the case of an assignment to a Lender or an Affiliate of a Lender or an Approved Fund or an assignment of the entire remaining amount of the assigning Lender's Commitments or Loans of any Class, the amount of the Commitments or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Assumption with respect to such assignment is delivered to the Administrative Agent) shall not be less than $5,000,000 unless each of Holdings and the Administrative Agent otherwise consent (such consent not to be unreasonably withheld or delayed), provided that no such consent of Holdings shall be required if an Event of Default has occurred and is continuing;

(B) each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement, provided that this clause shall not be construed to prohibit the assignment of a proportionate part of all the assigning Lender's rights and obligations in respect of one Class of Commitments or Loans;

(C) the parties to each assignment shall execute and deliver to the Administrative Agent an Assignment and Assumption, together with a processing and recordation fee of $3,500, such fee to be paid by either the assigning Lender or the assignee Lender or shared between such Lenders; and

(D) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire in which the assignee designates one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about Holdings and its affiliates and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws.

For the purposes of this Section 9.04(b), the terms "Approved Fund" and "Ineligible Institution" have the following meanings:

"Approved Fund" means any Person (other than a natural person) that is engaged in making, purchasing, holding or investing in bank loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (a) a Lender, (b) an Affiliate of a Lender or (c) an entity or an Affiliate of an entity that administers or manages a Lender.

"Ineligible Institution" means (a) a natural person, (b) a Defaulting Lender, (c) Holdings, the Borrower, any of the Subsidiaries or any of their respective Affiliates, or (d) a company, investment vehicle or trust for, or owned and operated for the primary benefit of, a natural person or relative(s) thereof.

(iii) Subject to acceptance and recording thereof pursuant to paragraph (b)(iv) of this Section, from and after the effective date specified in each Assignment and Assumption the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Assumption, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Assumption, be released from its obligations under this Agreement (and, in the case of an Assignment and Assumption covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.03). Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not comply with this Section 9.04 shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (c) of this Section.

(iv) The Administrative Agent, acting for this purpose as an agent of Holdings and the Borrower, shall maintain at one of its offices a copy of each Assignment and Assumption delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount (and stated interest) of the Loans and LC Disbursements owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and Holdings, the Borrower, the Administrative Agent, the Issuing Bank and the Lenders shall treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by Holdings, the Borrower, the Issuing Bank and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(v) Upon its receipt of a duly completed Assignment and Assumption executed by an assigning Lender and an assignee, the assignee's completed Administrative Questionnaire (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) of this Section and any written consent to such assignment required by paragraph (b) of this Section, the Administrative Agent shall accept such Assignment and Assumption and record the information contained therein in the Register; provided that if either the assigning Lender or the assignee shall have failed to make any payment required to be made by it pursuant to Section 2.05(c), 2.06(d) or (e), 2.07(b), 2.18(e) or 9.03(c), the Administrative Agent shall have no obligation to accept such Assignment and Assumption and record the information therein in the Register unless and until such payment shall have been made in full, together with all accrued interest thereon. No assignment shall be effective for purposes of this Agreement unless it has been recorded in the Register as provided in this paragraph.

(c) Any Lender may, without the consent of Holdings or the Borrower, the Administrative Agent, the Issuing Bank or the Swingline Lender, sell participations to one or more banks or other entities (a "Participant"), other than an Ineligible Institution, in all or a portion of such Lender's rights and obligations under this Agreement (including all or a portion of its Commitments and the Loans owing to it); provided that (A) such Lender's obligations under this Agreement shall remain unchanged; (B) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations; and (C) Holdings, the Borrower, the Administrative Agent, the Issuing Bank and the other Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement. Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver described in the first proviso to Section 9.02(b) that affects such Participant. Each of Holdings and the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16 and 2.17 (subject to the requirements and limitations therein, including the requirements under Section 2.17(f) (it being understood that the documentation required under Section 2.17(f) shall be delivered to the participating Lender)) to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section; provided that such Participant (A) agrees to be subject to the provisions of Sections 2.18 and 2.19 as if it were an assignee under paragraph (b) of this Section; and (B) shall not be entitled to receive any greater payment under Sections 2.15 or 2.17, with respect to any participation, than its participating Lender would have been entitled to receive, except to the extent such entitlement to receive a greater payment results from a Change in Law that occurs after the Participant acquired the applicable participation. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.08 as though it were a Lender, provided such Participant agrees to be subject to Section 2.18(d) as though it were a Lender. Each Lender that sells a participation shall, acting solely for this purpose as a non-fiduciary agent of Holdings and the Borrower, maintain a register on which it enters the name and address of each Participant and the principal amounts (and stated interest) of each Participant's interest in the Loans or other obligations under the Loan Documents (the "Participant Register"); provided that no Lender shall have any obligation to disclose all or any portion of the Participant Register (including the identity of any Participant or any information relating to a Participant's interest in any Commitments, Loans, Letters of Credit or its other obligations under any Loan Document) to any Person except to the extent that such disclosure is necessary to establish that such Commitment, Loan, Letter of Credit or other obligation is in registered form under Section 5f.103-1(c) of the United States Treasury Regulations. The entries in the Participant Register shall be conclusive absent manifest error, and such Lender shall treat each Person whose name is recorded in the Participant Register as the owner of such participation for all purposes of this Agreement notwithstanding any notice to the contrary. For the avoidance of doubt, the Administrative Agent (in its capacity as Administrative Agent) shall have no responsibility for maintaining a Participant Register.

(d) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank or any other central bank or Governmental Authority having jurisdiction over such Lender, and this Section shall not apply to any such pledge or assignment of a security interest; provided that no such pledge or assignment of a security interest shall release a Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

SECTION 9.05. Survival. All covenants, agreements, representations and warranties made by the Loan Parties in the Loan Documents and in the certificates or other instruments delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of the Loan Documents and the making of any Loans and issuance of any Letters of Credit, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent, the Issuing Bank or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid or any Letter of Credit is outstanding and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17 and 9.03 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Letters of Credit and the Commitments or the termination of this Agreement or any other Loan Document or any provision hereof or thereof.

SECTION 9.06. Counterparts; Integration; Effectiveness; Electronic Execution. This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement, the other Loan Documents and any separate letter agreements with respect to fees payable to the Administrative Agent constitute the entire contract among the parties relating to the subject matter hereof and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof. Except as provided in Section 4.01, this Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto, and thereafter shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Agreement and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 9.07. Severability. Any provision of any Loan Document held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions thereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 9.08. Right of Setoff. If an Event of Default shall have occurred and be continuing, each Lender and each of its Affiliates is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final and in whatever currency denominated) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of Holdings, the Borrower or any Subsidiary Guarantor against any of and all of the Obligations held by such Lender, irrespective of whether or not such Lender shall have made any demand under the Loan Documents and although such obligations may be unmatured. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

SECTION 9.09. Governing Law; Jurisdiction; Consent to Service of Process. (a) This Agreement shall be construed in accordance with and governed by the law of the State of New York.

(b) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the Supreme Court of the State of New York sitting in New York County, Borough of Manhattan, and of the United States District Court for the Southern District of New York, and any appellate court from any thereof, in any action or proceeding arising out of or relating to any Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement or any other Loan Document shall affect any right that the Administrative Agent, the Issuing Bank or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Loan Document against any Loan Party or its properties in the courts of any jurisdiction.

(c) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or any other Loan Document in any court referred to in paragraph (b) of this Section. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement or any other Loan Document will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 9.10. WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 9.11. Headings. Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and shall not affect the construction of, or be taken into consideration in interpreting, this Agreement.

SECTION 9.12. Confidentiality. Each of the Administrative Agent, the Issuing Bank and the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' directors, officers, employees and agents, including accountants, legal counsel and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority (including any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) to any other party to this Agreement, (e) in connection with the exercise of any remedies under this Agreement or any other Loan Document or any suit, action or proceeding relating to this Agreement or any other Loan Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section, to (i) any assignee of or Participant in, or any prospective assignee of or Participant in, any of its rights or obligations under this Agreement or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to Holdings or the Borrower and their respective obligations, (g) with the consent of Holdings or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) becomes available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis from a source other than Holdings or the Borrower. For the purposes of this Section, "Information" means all information received from Holdings and the Borrower relating to Holdings, the Borrower or their business, other than any such information that is available to the Administrative Agent, the Issuing Bank or any Lender on a nonconfidential basis prior to disclosure by Holdings or the Borrower, as the case may be; provided that, in the case of information received from Holdings or the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential. Any Person required to maintain the confidentiality of Information as provided in this Section shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord to its own confidential information.

SECTION 9.13. USA PATRIOT Act. Each Lender that is subject to the requirements of the Patriot Act hereby notifies each Loan Party that pursuant to the requirements of the Patriot Act, it is required to obtain, verify and record information that identifies such Loan Party, which information includes the name and address of such Loan Party and other information that will allow such Lender to identify such Loan Party in accordance with the Patriot Act.

SECTION 9.14. Releases of Subsidiary Guarantors.

(a) A Subsidiary Guarantor shall automatically be released from its obligations under the Subsidiary Guaranty upon the consummation of any transaction permitted by this Agreement as a result of which such Subsidiary Guarantor ceases to be a Material Domestic Subsidiary or, in the case of a Qualifying Subsidiary, is released from its Guarantee of Permitted Convertible Notes and Permitted Unsecured Indebtedness, as applicable; provided that, if so required by this Agreement, the Required Lenders shall have consented to such transaction and the terms of such consent shall not have provided otherwise. In connection with any termination or release pursuant to this Section, the Administrative Agent shall (and is hereby irrevocably authorized by each Lender to) execute and deliver to any Loan Party, at such Loan Party's expense, all documents that such Loan Party shall reasonably request to evidence such termination or release. Any execution and delivery of documents pursuant to this Section shall be without recourse to or warranty by the Administrative Agent.

(b) Further, the Administrative Agent may (and is hereby irrevocably authorized by each Lender to), upon the request of Holdings, release any Subsidiary Guarantor from its obligations under the Subsidiary Guaranty if such Subsidiary Guarantor is no longer a Material Domestic Subsidiary or, in the case of a Qualifying Subsidiary, has been released from its Guarantee of Permitted Convertible Notes and Permitted Unsecured Indebtedness, as applicable.

(c) At such time as the principal and interest on the Loans, all LC Disbursements, the fees, expenses and other amounts payable under the Loan Documents and the other Obligations (other than obligations not yet due and payable under any Swap Agreement or any Banking Services Agreement, and other Obligations expressly stated to survive such payment and termination) shall have been paid in full, the Commitments shall have been terminated and no Letters of Credit shall be outstanding, the Subsidiary Guaranty and all obligations (other than those expressly stated to survive such termination) of each Subsidiary Guarantor thereunder shall automatically terminate, all without delivery of any instrument or performance of any act by any Person.

SECTION 9.15. Interest Rate Limitation. Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "Charges"), shall exceed the maximum lawful rate (the "Maximum Rate") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

SECTION 9.16. No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Loan Document), each of Holdings and the Borrower acknowledges and agrees that: (i) (A) the arranging and other services regarding this Agreement provided by the Lenders are arm's-length commercial transactions between Holdings, the Borrower and each of their Affiliates, on the one hand, and the Lenders and their Affiliates, on the other hand, (B) each of Holdings and the Borrower has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (C) each of Holdings and the Borrower is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Loan Documents; (ii) (A) each of the Lenders and their Affiliates is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary for Holdings, the Borrower or any of their Affiliates, or any other Person and (B) no Lender or any of its Affiliates has any obligation to Holdings, the Borrower or any of their Affiliates with respect to the transactions contemplated hereby except, in the case of a Lender, those obligations expressly set forth herein and in the other Loan Documents; and (iii) each of the Lenders and their respective Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of Holdings, the Borrower and their Affiliates, and no Lender or any of its Affiliates has any obligation to disclose any of such interests to Holdings, the Borrower or their Affiliates. To the fullest extent permitted by law, each of Holdings and the Borrower hereby waives and releases any claims that it may have against each of the Lenders and their Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated hereby.

ARTICLE X

Guaranty

In order to induce the Lenders to extend credit to the Borrower, the Borrower and Holdings (collectively, the "Guaranty Parties") hereby absolutely and irrevocably and unconditionally guarantees, on a joint and several basis and as a primary obligor and not merely as a surety, the payment when and as due of the Obligations. Each Guaranty Party further agrees that the due and punctual payment of such Obligations may be extended or renewed, in whole or in part, without notice to or further assent from it, and that it will remain bound upon its guarantee hereunder notwithstanding any such extension or renewal of any such Obligation. Each Guaranty Party hereby irrevocably and unconditionally agrees, jointly and severally with the other Guaranty Parties, that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Administrative Agent, the Issuing Bank and the Lenders immediately on demand against any cost, loss or liability they incur as a result of any other Guaranty Party or any of its Affiliates not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by such Guaranty Party under this Article X on the date when it would have been due (but so that the amount payable by each Guaranty Party under this indemnity will not exceed the amount which it would have had to pay under this Article X if the amount claimed had been recoverable on the basis of a guarantee).

Each Guaranty Party waives presentment to, demand of payment from and protest to any Guaranty Party of any of the Obligations, and also waives notice of acceptance of its obligations and notice of protest for nonpayment. The obligations of each Guaranty Party hereunder shall not be affected by (a) the failure of the Administrative Agent, the Issuing Bank or any Lender to assert any claim or demand or to enforce any right or remedy against any Guaranty Party under the provisions of this Agreement, any other Loan Document or otherwise; (b) any extension or renewal of any of the Obligations; (c) any rescission, waiver, amendment or modification of, or release from, any of the terms or provisions of this Agreement, or any other Loan Document or agreement; (d) any default, failure or delay, willful or otherwise, in the performance of any of the Obligations; (e) the failure of the Administrative Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Obligations, if any; (f) any change in the corporate, partnership or other existence, structure or ownership of any Guaranty Party or any other guarantor of any of the Obligations; (g) the enforceability or validity of the Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Obligations or any part thereof, or any other invalidity or unenforceability relating to or against any Guaranty Party or any other guarantor of any of the Obligations, for any reason related to this Agreement, any Swap Agreement, any Banking Services Agreement, any other Loan Document, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by such Guaranty Party or any other guarantor of the Obligations, of any of the Obligations or otherwise affecting any term of any of the Obligations; or (h) any other act, omission or delay to do any other act which may or might in any manner or to any extent vary the risk of such Guaranty Party or otherwise operate as a discharge of a guarantor as a matter of law or equity or which would impair or eliminate any right of such Guaranty Party to subrogation.

Each Guaranty Party further agrees that its agreement hereunder constitutes a guarantee of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual or collection of any of the Obligations or operated as a discharge thereof) and not merely of collection, and waives any right to require that any resort be had by the Administrative Agent, the Issuing Bank or any Lender to any balance of any deposit account or credit on the books of the Administrative Agent, the Issuing Bank or any Lender in favor of any Guaranty Party or any other Person.

The obligations of each Guaranty Party hereunder shall not be subject to any reduction, limitation, impairment or termination for any reason, and shall not be subject to any defense or set-off, counterclaim, recoupment or termination whatsoever, by reason of the invalidity, illegality or unenforceability of any of the Obligations, any impossibility in the performance of any of the Obligations or otherwise.

Each Guaranty Party further agrees that its obligations hereunder shall constitute a continuing and irrevocable guarantee of all Obligations now or hereafter existing and shall continue to be effective or be reinstated, as the case may be, if at any time payment, or any part thereof, of any Obligation (including a payment effected through exercise of a right of setoff) is rescinded, or is or must otherwise be restored or returned by the Administrative Agent, the Issuing Bank or any Lender upon the insolvency, bankruptcy or reorganization of any Guaranty Party or otherwise (including pursuant to any settlement entered into by a holder of Obligations in its discretion).

In furtherance of the foregoing and not in limitation of any other right which the Administrative Agent, the Issuing Bank or any Lender may have at law or in equity against any Guaranty Party by virtue hereof, upon the failure of any other Guaranty Party to pay any Obligation when and as the same shall become due, whether at maturity, by acceleration, after notice of prepayment or otherwise, each Guaranty Party hereby promises to and will, upon receipt of written demand by the Administrative Agent, the Issuing Bank or any Lender, forthwith pay, or cause to be paid, to the Administrative Agent, the Issuing Bank or any Lender in cash an amount equal to the unpaid principal amount of the Obligations then due, together with accrued and unpaid interest thereon. Each Guaranty Party further agrees that if payment in respect of any Obligation shall be due in a currency other than Dollars and/or at a place of payment other than New York, Chicago or any other Eurocurrency Payment Office and if, by reason of any Change in Law, disruption of currency or foreign exchange markets, war or civil disturbance or other event, payment of such Obligation in such currency or at such place of payment shall be impossible or, in the reasonable judgment of the Administrative Agent, the Issuing Bank or any Lender, disadvantageous to the Administrative Agent, the Issuing Bank or any Lender in any material respect, then, at the election of the Administrative Agent, such Guaranty Party shall make payment of such Obligation in Dollars (based upon the applicable Equivalent Amount in effect on the date of payment) and/or in New York, Chicago or such other Eurocurrency Payment Office as is designated by the Administrative Agent and, as a separate and independent obligation, shall indemnify the Administrative Agent, the Issuing Bank and any Lender against any losses or reasonable out-of-pocket expenses that it shall sustain as a result of such alternative payment.

Upon payment by any Guaranty Party of any sums as provided above, all rights of such Guaranty Party against any Guaranty Party arising as a result thereof by way of right of subrogation or otherwise shall in all respects be subordinated and junior in right of payment to the prior indefeasible payment in full in cash of all the Obligations owed by such Guaranty Party to the Administrative Agent, the Issuing Bank and the Lenders.

Nothing shall discharge or satisfy the liability of any Guaranty Party hereunder except the full performance and payment in cash of the Obligations (other than obligations not yet due and payable under any Swap Agreement or any Banking Services Agreement).

Each Guaranty Party that is a Qualified ECP Guarantor (each, a "Qualified Guaranty Party") hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Article X or the Subsidiary Guaranty, as applicable, in respect of Specified Swap Obligations (provided, however, that each Qualified Guaranty Party shall only be liable under this paragraph for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this paragraph or otherwise under this Article X voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified Guaranty Party under this paragraph shall remain in full force and effect until a discharge of such Qualified Guaranty Party's obligations under this Article X in accordance with the terms hereof. Each Qualified Guaranty Party intends that this paragraph constitute, and this paragraph shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Loan Party for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

ARTICLE XI

Collection Allocation Mechanism

(a) On the CAM Exchange Date, (i) the Commitments shall automatically and without further act be terminated as provided in Section 7.01, (ii) the principal amount of each Revolving Loan and LC Disbursement denominated in a Foreign Currency shall automatically and without any further action required, be converted into Dollars determined using the Exchange Rates calculated as of the CAM Exchange Date, equal to the Dollar Amount of such amount and on and after such date all amounts accruing and owed to any Lender in respect of such Obligations shall accrue and be payable in Dollars at the rates otherwise applicable hereunder and (iii) the Lenders shall automatically and without further act be deemed to have made reciprocal purchases of interests in the Designated Obligations such that, in lieu of the interests of each Lender in the particular Designated Obligations that it shall own as of such date and immediately prior to the CAM Exchange, such Lender shall own an interest equal to such Lender's CAM Percentage in each Designated Obligation. Each Lender, each Person acquiring a participation from any Lender as contemplated by Section 9.04, and the Borrower hereby consents and agrees to the CAM Exchange. The Borrower and the Lenders agree from time to time to execute and deliver to the Administrative Agent all such promissory notes and other instruments and documents as the Administrative Agent shall reasonably request to evidence and confirm the respective interests and obligations of the Lenders after giving effect to the CAM Exchange, and each Lender agrees to surrender any promissory notes originally received by it hereunder to the Administrative Agent against delivery of any promissory notes so executed and delivered; provided that the failure of the Borrower to execute or deliver or of any Lender to accept any such promissory note, instrument or document shall not affect the validity or effectiveness of the CAM Exchange.

(b) As a result of the CAM Exchange, on and after the CAM Exchange Date, each payment received by the Administrative Agent pursuant to any Loan Document in respect of the Designated Obligations shall be distributed to the Lenders pro rata in accordance with their respective CAM Percentages (to be redetermined as of each such date of payment or distribution to the extent required by paragraph (c) below).

(c) In the event that, after the CAM Exchange, the aggregate amount of the Designated Obligations shall change as a result of the making of an LC Disbursement by the Issuing Bank that is not reimbursed by the Borrower, then (i) each Lender shall, in accordance with Section 2.06(d), promptly purchase from the Issuing Bank the Dollar equivalent of a participation in such LC Disbursement in the amount of such Lender's Applicable Percentage of such LC Disbursement (without giving effect to the CAM Exchange), (ii) the Administrative Agent shall redetermine the CAM Percentages after giving effect to such LC Disbursement and the purchase of participations therein by the applicable Lenders, and the Lenders shall automatically and without further act be deemed to have made reciprocal purchases of interests in the Designated Obligations such that each Lender shall own an interest equal to such Lender's CAM Percentage in each of the Designated Obligations and (iii) in the event distributions shall have been made in accordance with clause (i) of paragraph (b) above, the Lenders shall make such payments to one another in Dollars as shall be necessary in order that the amounts received by them shall be equal to the amounts they would have received had each LC Disbursement been outstanding immediately prior to the CAM Exchange. Each such redetermination shall be binding on each of the Lenders and their successors and assigns in respect of the Designated Obligations held by such Persons and shall be conclusive absent manifest error.

(d) Nothing in this Article shall prohibit the assignment by any Lender of interests in some but not all of the Designated Obligations held by it after giving effect to the CAM Exchange; provided, that in connection with any such assignment such Lender and its assignee shall enter into an agreement setting forth their reciprocal rights and obligations in the event of a redetermination of the CAM Percentages as provided in the immediately preceding paragraph (c).

[Signature Pages Follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
as the Borrower

By /s/ BERNARD GUTMANN
Name: Bernard Gutmann
Title: Executive Vice President, Chief Financial Officer and Treasurer

ON SEMICONDUCTOR CORPORATION,
as Holdings

By /s/ BERNARD GUTMANN
Name: Bernard Gutmann
Title: Executive Vice President, Chief Financial Officer and Treasurer

JPMORGAN CHASE BANK, N.A., individually as a Lender, as the Swingline Lender, as the Issuing Bank and as Administrative Agent

By /s/ KEITH WINZENRIED

Name: Keith Winzenried
Title: Credit Executive

BANK OF AMERICA, N.A., individually as a Lender and as a Co-Syndication Agent

By /s/ THUY BUI
Name: Thuy Bui
Title: Vice President

THE ROYAL BANK OF SCOTLAND plc, individually as a Lender and as a Co-Syndication Agent

By /s/ ALEX DAW
Name: Alex Daw
Title: Director

SUMITOMO MITSUI BANKING CORPORATION,
individually as a Lender and as a Co-Syndication Agent

By /s/ DAVID W. KEE
Name: David W. Kee
Title: Managing Director

MORGAN STANLEY BANK, N.A. as a Lender

By /s/ MICHAEL KING
Name: Michael King
Title: Authorized Signatory

THE BANK OF TOKYO MITSUBISHI UFJ, LTD., as a Lender

By /s/ RICHARD ONG PHO
Name: Richard Ong Pho
Title: Director

FIFTH THIRD BANK, individually as a Lender and as a Co-Documentation Agent

By /s/ QUOC TRAN
Name: Quoc Tran
Title: Assistant Vice President

BARCLAYS BANK PLC, individually as a Lender

By /s/ NOAM AZACHI
Name: Noam Azachi
Title: Vice President

COMPASS BANK, as a Lender

By /s/ TIMOTHY R. COFFEY
Name: Timothy R. Coffey
Title: Senior Vice President

DEUTSCHE BANK AG NEW YORK BRANCH, as a Lender

By /s/ VIRGINIA COSENZA
Name: Virginia Cosenza
Title: Vice President

By /s/ MING K CHU
Name: Ming K Chu
Title: Vice President

DBS Bank Ltd., Los Angeles Agency, as a Lender Agent

By /s/ JAMES McWALTERS
Name: James McWalters
Title: General Manager

HSBC BANK USA, NATIONAL ASSOCIATION, as a Lender

By /s/ STEVEN F. LARSEN
Name: Steven F. Larsen
Title: Vice President

BANK OF MONTEREAL as a Lender

By /s/ MARK MITAL
Name: Mark Mital
Title: Senior Vice President

NATIONAL BANK OF ARIZONA, as a Lender

By /s/ SABINA ANTHONY
Name: Sabina Anthony
Title: Vice President

BOKF, NA, d/b/a Bank of Arizona, as a Lender

By /s/ JAMES E. WESSEL
Name: James E. Wessel
Title: Senior Vice President

KBC BANK, N.V. as a Lender

By /s/ PATRICK INGRAM
Name: Patrick Ingram
Title: Director

KBC BANK N.V., as a Lender

By /s/ THOMAS R. LALLI
Name: Thomas R. Lalli
Title: Managing Director

WESTERN ALLIANCE BANK, as a Lender

By /s/ CHRIS DURANTO
Name: Chris Duranto
Title: Vice President

BANK OF THE WEST, as a Lender

By /s/ KEVIN R. GILLETTE
Name: Kevin R. Gillette
Title: SVP

MIDFIRST BANK, a federally chartered savings association, as a Lender

By /s/ RORY NORDVOLD
Name: Rory Nordvold
Title: First Vice President

The undersigned Departing Lender hereby acknowledges and agrees that, from and after the Effective Date, it is no longer a party to the Existing Credit Agreement or any of the Loan Documents executed in connection therewith and will not be a party to this Agreement.

UBS LOAN FINANCE LLC, as a Departing Lender

By /s/ LANA GIFAS
Name: Lana Gifas
Title: Director

By /s/ JOSELIN FERNANDES
Name: Joselin Fernandes
Title: Associate Director

SCHEDULE 2.01

COMMITMENTS

LENDER	DOLLAR TRANCHE COMMITMENT	MULTICURRENCY TRANCHE COMMITMENT	TOTAL
JPMORGAN CHASE BANK, N.A.	$ 0	$ 75,000,000	$ 75,000,000
BANK OF AMERICA, N.A.	$ 0	$ 75,000,000	$ 75,000,000
THE ROYAL BANK OF SCOTLAND plc	$ 0	$ 75,000,000	$ 75,000,000
SUMITOMO MITSUI BANKING CORPORATION	$ 0	$ 75,000,000	$ 75,000,000
MORGAN STANLEY BANK, N.A.	$ 0	$ 33,750,000	$ 33,750,000
THE BANK OF TOKYO MITSUBISHI UFJ, LTD.	$ 0	$ 33,750,000	$ 33,750,000
FIFTH THIRD BANK	$ 0	$ 60,000,000	$ 60,000,000
BARCLAYS BANK PLC	$ 0	$ 60,000,000	$ 60,000,000
COMPASS BANK	$ 0	$ 40,000,000	$ 40,000,000
DEUTSCHE BANK AG NEW YORK BRANCH	$ 0	$ 40,000,000	$ 40,000,000
DBS BANK LTD., LOS ANGELES AGENCY	$ 0	$ 40,000,000	$ 40,000,000
HSBC BANK USA, NATIONAL ASSOCIATION	$ 0	$ 30,000,000	$ 30,000,000
BANK OF MONTREAL	$ 0	$ 30,000,000	$ 30,000,000
NATIONAL BANK OF ARIZONA	$ 0	$ 30,000,000	$ 30,000,000
BOKF, NA	$ 0	$ 27,500,000	$ 27,500,000
KBC BANK N.V.	$ 0	$ 25,000,000	$ 25,000,000
WESTERN ALLIANCE BANK	$ 0	$ 20,000,000	$ 20,000,000
BANK OF THE WEST	$ 0	$ 15,000,000	$ 15,000,000
MIDFIRST BANK	$ 15,000,000	$ 0	$ 15,000,000
TOTAL	**$ 15,000,000**	**$ 785,000,000**	**$800,000,000**

EXHIBIT A

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (the "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [*Insert name of Assignor*] (the "Assignor") and [*Insert name of Assignee*] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement identified below (as amended, the "Credit Agreement"), receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto are hereby agreed to and incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date inserted by the Administrative Agent as contemplated below (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amount and percentage interest identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below (including any letters of credit, guarantees, and swingline loans included in such facilities) and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty by the Assignor.

1.	Assignor:	_____
2.	Assignee:	_____ [and is an Affiliate/Approved Fund of [identify Lender][1]]
3.	Borrower(s):	Semiconductor Components Industries, LLC
4.	Administrative Agent:	JPMorgan Chase Bank, N.A., as the administrative agent under the Credit Agreement
5.	Credit Agreement:	The Amended and Restated Credit Agreement dated as of October 10, 2013 among Semiconductor Components Industries, LLC, ON Semiconductor Corporation, the Lenders parties thereto, JPMorgan Chase Bank, N.A., as Administrative Agent, and the other agents parties thereto

1 Select as applicable.

6. Assigned Interest:

Tranche Assigned[2]	Aggregate Amount of Commitment/Loans for all Lenders	Amount of Commitment/ Loans Assigned	Percentage Assigned of Commitment/Loans[3]
$	$	$	%
$	$	$	%
$	$	$	%

Effective Date: , 20 [TO BE INSERTED BY ADMINISTRATIVE AGENT AND WHICH SHALL BE THE EFFECTIVE DATE OF RECORDATION OF TRANSFER IN THE REGISTER THEREFOR.]

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR

[NAME OF ASSIGNOR]

By _____
Title:

ASSIGNEE

[NAME OF ASSIGNEE]

By _____
Title:

Consented to and Accepted:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent and Issuing Bank

By _____
Title:

[Consented to:][4]

ON SEMICONDUCTOR CORPORATION

By _____
Title:

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2 Fill in the appropriate terminology for the types of commitments under the Credit Agreement that are being assigned under this Assignment (e.g., "Multicurrency Tranche Commitment", etc.).

3 Set forth, so at least 9 decimals, as a percentage of the Commitment/Loans of all Lenders thereunder.

4 To be added only if the consent of the Borrower is required by the terms of the Credit Agreement.

ANNEX I

STANDARD TERMS AND CONDITIONS FOR

ASSIGNMENT AND ASSUMPTION

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Loan Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Loan Documents or any collateral thereunder, (iii) the financial condition of Holdings, the Borrower, any of the Subsidiaries or Affiliates or any other Person obligated in respect of any Loan Document or (iv) the performance or observance by Holdings, the Borrower, any of the Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Loan Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it satisfies the requirements, if any, specified in the Credit Agreement that are required to be satisfied by it in order to acquire the Assigned Interest and become a Lender, (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Non-U.S. Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Loan Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Loan Documents are required to be performed by it as a Lender.

2. Payments. From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions. This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Acceptance and adoption of the terms of this Assignment and Assumption by the Assignee and the Assignor by Electronic Signature or delivery of an executed counterpart of a signature page of this Assignment and Assumption by any Electronic System shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Assumption shall be governed by, and construed in accordance with, the law of the State of New York.

EXHIBIT B

OPINION OF COUNSEL FOR THE LOAN PARTIES

[Attached]

EXHIBIT C

FORM OF INCREASING LENDER SUPPLEMENT

INCREASING LENDER SUPPLEMENT, dated , 20 (this "Supplement"), by and among each of the signatories hereto, to the Amended and Restated Credit Agreement, dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the Borrower has the right, subject to the terms and conditions thereof, to effectuate from time to time an increase in the Commitments and/or one or more tranches of Incremental Term Loans under the Credit Agreement by requesting one or more Lenders to increase the amount of its applicable Commitments and/or to participate in such a tranche;

WHEREAS, the Borrower has given notice to the Administrative Agent of its intention to [increase the Commitments] [and] [enter into a tranche of Incremental Term Loans] pursuant to such Section 2.20; and

WHEREAS, pursuant to Section 2.20 of the Credit Agreement, the undersigned Increasing Lender now desires to [increase the amount of its applicable Commitments] [and] [participate in a tranche of Incremental Term Loans] under the Credit Agreement by executing and delivering to the Borrower and the Administrative Agent this Supplement;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Increasing Lender agrees, subject to the terms and conditions of the Credit Agreement, that on the date of this Supplement it shall [have its [Multicurrency Tranche][Dollar Tranche] Commitment increased by $[ ], thereby making the aggregate amount of its total [Multicurrency Tranche][Dollar Tranche] Commitments equal to $[ ]] [and] [participate in a tranche of Incremental Term Loans with a commitment amount equal to $[ ] with respect thereto].

2. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

3. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

4. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

5. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF INCREASING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By _____
Name:
Title:

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By _____
Name:
Title:

EXHIBIT D

FORM OF AUGMENTING LENDER SUPPLEMENT

AUGMENTING LENDER SUPPLEMENT, dated , 20 (this "Supplement"), by and among each of the signatories hereto, to the Amended and Restated Credit Agreement, dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

W I T N E S S E T H

WHEREAS, the Credit Agreement provides in Section 2.20 thereof that any bank, financial institution or other entity may [extend Commitments] [and] [participate in tranches of Incremental Term Loans] under the Credit Agreement subject to the approval of the Borrower and the Administrative Agent, by executing and delivering to the Borrower and the Administrative Agent a supplement to the Credit Agreement in substantially the form of this Supplement; and

WHEREAS, the undersigned Augmenting Lender was not an original party to the Credit Agreement but now desires to become a party thereto;

NOW, THEREFORE, each of the parties hereto hereby agrees as follows:

1. The undersigned Augmenting Lender agrees to be bound by the provisions of the Credit Agreement and agrees that it shall, on the date of this Supplement, become a Lender for all purposes of the Credit Agreement to the same extent as if originally a party thereto, with a [[Multicurrency Tranche] [Dollar Tranche] Commitment with respect to Revolving Loans of $[ ]] [and] [a commitment with respect to Incremental Term Loans of $[ ]].

2. The undersigned Augmenting Lender (a) represents and warrants that it is legally authorized to enter into this Supplement; (b) confirms that it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.01 thereof, as applicable, and has reviewed such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Supplement; (c) agrees that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto; (d) appoints and authorizes the Administrative Agent to take such action as agent on its behalf and to exercise such powers and discretion under the Credit Agreement or any other instrument or document furnished pursuant hereto or thereto as are delegated to the Administrative Agent by the terms thereof, together with such powers as are incidental thereto; and (e) agrees that it will be bound by the provisions of the Credit Agreement and will perform in accordance with its terms all the obligations which by the terms of the Credit Agreement are required to be performed by it as a Lender.

3. The undersigned's address for notices for the purposes of the Credit Agreement is as follows:

[ ]

4. The Borrower hereby represents and warrants that no Default or Event of Default has occurred and is continuing on and as of the date hereof.

5. Terms defined in the Credit Agreement shall have their defined meanings when used herein.

6. This Supplement shall be governed by, and construed in accordance with, the laws of the State of New York.

7. This Supplement may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same document.

[remainder of this page intentionally left blank]

IN WITNESS WHEREOF, each of the undersigned has caused this Supplement to be executed and delivered by a duly authorized officer on the date first above written.

[INSERT NAME OF AUGMENTING LENDER]

By: _____
Name:
Title:

Accepted and agreed to as of the date first written above:

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By _____
Name:
Title:

Acknowledged as of the date first written above:

JPMORGAN CHASE BANK, N.A.
as Administrative Agent

By _____
Name:
Title:

EXHIBIT E

LIST OF CLOSING DOCUMENTS

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC
ON SEMICONDUCTOR CORPORATION

AMENDED AND RESTATED CREDIT FACILITIES

October 10, 2013

LIST OF CLOSING DOCUMENTS[1]

A. **LOAN DOCUMENTS**

1. Amended and Restated Credit Agreement (the "Credit Agreement") by and among Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), ON Semiconductor Corporation ("Holdings"), the institutions from time to time parties thereto as Lenders (the "Lenders") and JPMorgan Chase Bank, N.A., in its capacity as Administrative Agent for itself and the other Lenders (the "Administrative Agent"), evidencing a revolving credit facility to the Borrower from the Lenders in an initial aggregate principal amount of $800,000,000.

SCHEDULES

Schedule 2.01	—	Commitments

EXHIBITS

Exhibit A	—	Form of Assignment and Assumption
Exhibit B	—	Form of Opinion of Loan Parties' Counsel
Exhibit C	—	Form of Increasing Lender Supplement
Exhibit D	—	Form of Augmenting Lender Supplement
Exhibit E	—	List of Closing Documents
Exhibit F	—	Form of Subsidiary Guaranty
Exhibit G-1	—	Form of U.S. Tax Certificate (Non-U.S. Lenders That Are Not Partnerships)
Exhibit G-2	—	Form of U.S. Tax Certificate (Non-U.S. Lenders That Are Partnerships)
Exhibit G-3	—	Form of U.S. Tax Certificate (Non-U.S. Participants That Are Not Partnerships)
Exhibit G-4	—	Form of U.S. Tax Certificate (Non-U.S. Participants That Are Partnerships)
Exhibit H	—	Form of Compliance Certificate
Exhibit I	—	Form of Borrowing Request
Exhibit J	—	Form of Interest Election Request
Exhibit K	—	Form of Promissory Note

[1] Each capitalized term used herein and not defined herein shall have the meaning assigned to such term in the above-defined Credit Agreement. Items appearing in **bold** and *italics* shall be prepared and/or provided by the Borrower and/or Borrower's counsel.

2. Notes executed by the Borrower in favor of each of the Lenders, if any, which has requested a note pursuant to Section 2.10(e) of the Credit Agreement.

3. Amended and Restated Guaranty executed by the initial Subsidiary Guarantors (collectively with the Borrower and Holdings, the "Loan Parties") in favor of the Administrative Agent.

4. Amended and Restated Pledge Agreement executed by the applicable initial Loan Parties (collectively, the "Pledgors"), ***together with pledged instruments and allonges, stock certificates, stock powers executed in blank, pledge instructions and acknowledgments, as appropriate***.

5. ***The Disclosure Letter executed by the Borrower and delivered to the Administrative Agent for the benefit of the Lenders.***

B. **CORPORATE DOCUMENTS**

6. ***Certificate of the Secretary or an Assistant Secretary of each Loan Party certifying (i) that there have been no changes in the Certificate of Incorporation or other charter document of such Loan Party, as attached thereto and as certified as of a recent date by the Secretary of State (or analogous governmental entity) of the jurisdiction of its organization, since the date of the certification thereof by such governmental entity, (ii) the By-Laws or other applicable organizational document, as attached thereto, of such Loan Party as in effect on the date of such certification, (iii) resolutions of the Board of Directors or other governing body of such Loan Party authorizing the execution, delivery and performance of each Loan Document to which it is a party, and (iv) the names and true signatures of the incumbent officers of each Loan Party authorized to sign the Loan Documents to which it is a party, and (in the case of the Borrower) authorized to request a Borrowing or the issuance of a Letter of Credit under the Credit Agreement.***

7. ***Good Standing Certificate for each Loan Party from the Secretary of State of the jurisdiction of its organization.***

C. **OPINIONS**

8. ***Opinion of Snell & Wilmer L.L.P., counsel for the Loan Parties.***

D. **CLOSING CERTIFICATE**

9. ***A Certificate signed by the President, a Vice President or a Financial Officer of Holdings or the Borrower certifying the following: (i) all of the representations and warranties of Holdings and the Borrower set forth in the Credit Agreement are true and correct (x) in the case of the representations and warranties qualified by materiality or Material Adverse Effect, in all respects and (y) otherwise, in all material respects, in each case on and as of the Effective Date, except in the case of any such representation and warranty that expressly relates to a prior date, in which case such representation and warranty is so true and correct on and as of such prior date and (ii) no Default or Event of Default has occurred and is then continuing.***

E. **UCC DOCUMENTS**

10. UCC financing statements naming each Pledgor as debtor and the Administrative Agent as secured party as filed with the appropriate offices in applicable jurisdictions.

EXHIBIT F

FORM OF SUBSIDIARY GUARANTY

AMENDED AND RESTATED GUARANTY

THIS AMENDED AND RESTATED GUARANTY (this "Guaranty") is made as of October [ ], 2013, by and among each of the undersigned (the "Initial Guarantors" and along with any additional Subsidiaries of Holdings which become parties to this Guaranty by executing a supplement hereto in the form attached as Annex I, the "Guarantors") in favor of the Administrative Agent, for the ratable benefit of the Holders of Guaranteed Obligations (as defined below), under the Credit Agreement referred to below.

WITNESSETH

WHEREAS, Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), ON Semiconductor Corporation ("Holdings"), the institutions from time to time parties thereto as lenders (the "Lenders"), and JPMorgan Chase Bank, N.A., in its capacity as administrative agent (the "Administrative Agent"), have entered into a certain Amended and Restated Credit Agreement dated as of October 10, 2013 (as the same may be amended, modified, supplemented and/or restated, and as in effect from time to time, the "Credit Agreement"), pursuant to which the Existing Credit Agreement (as defined in the Credit Agreement) has been amended and restated in its entirety;

WHEREAS the Credit Agreement, among other things, re-evidences the Borrower's outstanding obligations under the Existing Credit Agreement and provides, subject to the terms and conditions thereof, for extensions of credit and other financial accommodations to be made by the Lenders to or for the benefit of the Borrower;

WHEREAS, certain of the Initial Guarantors guaranteed the payment of the Borrower's obligations under the Existing Credit Agreement pursuant to the Guaranty dated as of December 23, 2011 (the "Existing Guaranty");

WHEREAS, each Initial Guarantor party to the Existing Guaranty wishes to affirm its obligations under the terms of the Existing Guaranty with respect to amounts owing by the Borrower under the Credit Agreement and wishes to amend and restate the terms of the Existing Guaranty;

WHEREAS, it is a condition precedent to the extensions of credit by the Lenders under the Credit Agreement that each of the Guarantors (constituting all of the Subsidiaries of Holdings required to execute this Guaranty pursuant to Section 5.09 of the Credit Agreement) execute and deliver this Guaranty, whereby each of the Guarantors shall guarantee the payment when due of all Obligations; and

WHEREAS, in consideration of the direct and indirect financial and other support that Holdings and the Borrower have provided, and such direct and indirect financial and other support as Holdings and the Borrower may in the future provide, to the Guarantors, and in order to induce the Lenders and the Administrative Agent to enter into the Credit Agreement, each of the Guarantors is willing to guarantee the Obligations of Holdings and the Borrower;

NOW, THEREFORE, in consideration of the foregoing premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. Definitions. Terms defined in the Credit Agreement and not otherwise defined herein have, as used herein, the respective meanings provided for therein.

SECTION 2. Representations, Warranties and Covenants. Each of the Guarantors represents and warrants (which representations and warranties shall be deemed to have been renewed at the time of the making, conversion or continuation of any Loan or issuance, amendment, renewal or extension of any Letter of Credit) that:

(A) It is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, has all requisite power and authority to carry on its business as now conducted and, except where the failure to do so, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required.

(B) It (to the extent applicable) has the requisite power and authority and legal right to execute and deliver this Guaranty and to perform its obligations hereunder. This Guaranty has been duly executed and delivered by such Guarantor and constitutes a legal, valid and binding obligation of such Guarantor, enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and subject to general principles of equity, regardless of whether considered in a proceeding in equity or at law.

(C) The transactions herein (i) do not require any consent or approval of, registration or filing with, or any other action by or before, any Governmental Authority, except such as have been obtained or made and are in full force and effect and except where the failure to obtain such consent or approval or make such registration or filing, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, (ii) will not violate (x) in any material respect any order of any Governmental Authority or any applicable law or regulation or (y) the charter, by-laws or other organizational documents of such Guarantor, (c) except to the extent that they may prohibit payments required to be made on the Permitted Convertible Notes, will not violate or result in a default under any material indenture, agreement or other instrument binding upon such Guarantor or any of its assets, or give rise to a right thereunder to require any payment to be made by such Guarantor (other than to the extent solely arising as a result of the failure by the Administrative Agent and the Lenders to exercise their applicable rights thereunder) and (d) will not result in the creation or imposition of any Lien on any asset of such Guarantor, except Liens created under the Credit Agreement and the Pledge Agreements.

In addition to the foregoing, each of the Guarantors covenants that, so long as any Lender has any Commitment outstanding under the Credit Agreement or any amount payable under the Credit Agreement or any other Guaranteed Obligations shall remain unpaid, it will, and, if necessary, will enable Holdings and the Borrower to, fully comply with those covenants and agreements of Holdings or the Borrower applicable to such Guarantor set forth in the Credit Agreement.

SECTION 3. Reaffirmations and Guaranty. Each Initial Guarantor party to the Existing Guaranty affirms its obligations under, and the terms and conditions of, the Existing Guaranty and agrees that such obligations remain in full force and effect and are hereby ratified, reaffirmed and confirmed. Each Initial Guarantor party to the Existing Guaranty acknowledges and agrees with the Administrative Agent that the Existing Guaranty is amended, restated, and superseded in its entirety pursuant to the terms hereof. Furthermore, each of the Guarantors hereby unconditionally guarantees, jointly with the other Guarantors and severally, the full and punctual payment and performance when due (whether at stated maturity, upon acceleration or otherwise) of the Obligations, including, without limitation, (i) the principal of and interest on each Loan made to the Borrower pursuant to the Credit Agreement, (ii) any obligations of Holdings or the Borrower to reimburse LC Disbursements ("Reimbursement Obligations"), (iii) all obligations of Holdings or the Borrower owing to any Lender or any affiliate of any Lender under any Swap Agreement or Banking Services Agreement, (iv) all other amounts payable by Holdings, the Borrower or any of the Subsidiaries under the Credit Agreement, any Swap Agreement, any Banking Services Agreement and the other Loan Documents and (v) the punctual and faithful performance, keeping, observance, and fulfillment by Holdings and the Borrower of all of the respective agreements, conditions, covenants, and obligations of Holdings and the Borrower contained in the Loan Documents (all of the foregoing being referred to collectively as the "Guaranteed Obligations" (provided, however, that the definition of "Guaranteed Obligations" shall not create any guarantee by any Guarantor of (or grant of security interest by any Guarantor to support, as applicable) any Excluded Swap Obligations of such Guarantor for purposes of determining any obligations of any Guarantor) and the holders from time to time of the Guaranteed Obligations being referred to collectively as the "Holders of Guaranteed Obligations"). Upon (x) the failure by Holdings or any of its Affiliates, as applicable, to pay punctually any such amount or perform such obligation, and (y) such failure continuing beyond any applicable grace or notice and cure period, each of the Guarantors agrees that it shall forthwith on demand pay such amount or perform such obligation at the place and in the manner specified in the Credit Agreement, any Swap Agreement, any Banking Services Agreement or the relevant Loan Document, as the case may be. Each of the Guarantors hereby agrees that this Guaranty is an absolute, irrevocable and unconditional guaranty of payment and is not a guaranty of collection.

Each of the Guarantors hereby irrevocably and unconditionally agrees, jointly and severally with the other Guarantors, that if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal, it will, as an independent and primary obligation, indemnify the Holders of Guaranteed Obligations immediately on demand against any cost, loss or liability they incur as a result of Holdings, the Borrower or any of their respective Affiliates not paying any amount which would, but for such unenforceability, invalidity or illegality, have been payable by such Guarantor under this Guaranty on the date when it would have been due (but so that the amount payable by each Guarantor under this indemnity will not exceed the amount which it would have had to pay under this Guaranty if the amount claimed had been recoverable on the basis of a guaranty).

SECTION 4. Guaranty Unconditional. The obligations of each of the Guarantors hereunder shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(A) any extension, renewal, settlement, indulgence, compromise, waiver or release of or with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations, whether (in any such case) by operation of law or otherwise, or any failure or omission to enforce any right, power or remedy with respect to the Guaranteed Obligations or any part thereof or any agreement relating thereto, or with respect to any obligation of any other guarantor of any of the Guaranteed Obligations;

(B) any modification or amendment of or supplement to the Credit Agreement, any Swap Agreement, any Banking Services Agreement or any other Loan Document, including, without limitation, any such amendment which may increase the amount of, or the interest rates applicable to, any of the Obligations guaranteed hereby;

(C) any release, surrender, compromise, settlement, waiver, subordination or modification, with or without consideration, of any collateral securing the Guaranteed Obligations or any part thereof, any other guaranties with respect to the Guaranteed Obligations or any part thereof, or any other obligation of any person or entity with respect to the Guaranteed Obligations or any part thereof, or any nonperfection or invalidity of any direct or indirect security for the Guaranteed Obligations;

(D) any change in the corporate, partnership or other existence, structure or ownership of Holdings, the Borrower or any other guarantor of any of the Guaranteed Obligations, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Holdings, the Borrower or any other guarantor of the Guaranteed Obligations, or any of their respective assets or any resulting release or discharge of any obligation of Holdings, the Borrower or any other guarantor of any of the Guaranteed Obligations;

(E) the existence of any claim, setoff or other rights which the Guarantors may have at any time against Holdings, the Borrower, any other guarantor of any of the Guaranteed Obligations, the Administrative Agent, any Holder of Guaranteed Obligations or any other Person, whether in connection herewith or in connection with any unrelated transactions; provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(F) the enforceability or validity of the Guaranteed Obligations or any part thereof or the genuineness, enforceability or validity of any agreement relating thereto or with respect to any collateral securing the Guaranteed Obligations or any part thereof, or any other invalidity or unenforceability relating to or against Holdings, the Borrower or any other guarantor of any of the Guaranteed Obligations, for any reason related to the Credit Agreement, any Swap Agreement, any Banking Services Agreement, any other Loan Document, or any provision of applicable law, decree, order or regulation of any jurisdiction purporting to prohibit the payment by Holdings, the Borrower or any other guarantor of the Guaranteed Obligations, of any of the Guaranteed Obligations or otherwise affecting any term of any of the Guaranteed Obligations;

(G) the failure of the Administrative Agent to take any steps to perfect and maintain any security interest in, or to preserve any rights to, any security or collateral for the Guaranteed Obligations, if any;

(H) the election by, or on behalf of, any one or more of the Holders of Guaranteed Obligations, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. 101 et seq.) (the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code;

(I) any borrowing or grant of a security interest by Holdings or the Borrower, as debtor-in-possession, under Section 364 of the Bankruptcy Code;

(J) the disallowance, under Section 502 of the Bankruptcy Code, of all or any portion of the claims of the Holders of Guaranteed Obligations or the Administrative Agent for repayment of all or any part of the Guaranteed Obligations;

(K) the failure of any other guarantor to sign or become party to this Guaranty or any amendment, change, or reaffirmation hereof; or

(L) any other act or omission to act or delay of any kind by Holdings, the Borrower, any other guarantor of the Guaranteed Obligations, the Administrative Agent, any Holder of Guaranteed Obligations or any other Person or any other circumstance whatsoever which might, but for the provisions of this Section 4, constitute a legal or equitable discharge of any Guarantor's obligations hereunder except as provided in Section 5.

SECTION 5. Continuing Guaranty; Discharge Only Upon Payment In Full: Reinstatement In Certain Circumstances. Each of the Guarantors' obligations hereunder shall constitute a continuing and irrevocable guarantee of all Guaranteed Obligations now or hereafter existing and shall remain in full force and effect until (i) all Guaranteed Obligations shall have been paid in full in cash and the Commitments and all Letters of Credit issued under the Credit Agreement shall have terminated or expired or (ii) the consummation of any transaction permitted by the Credit Agreement as a result of which such Guarantor ceases to be a Material Domestic Subsidiary or, in the case of a Qualifying Subsidiary, is released from its Guarantee of Permitted Convertible Notes and Permitted Unsecured Indebtedness, as applicable. If at any time any payment of the principal of or interest on any Loan, any Reimbursement Obligation or any other amount payable by Holdings, the Borrower or any other party under the Credit Agreement, any Swap Agreement, any Banking Services Agreement or any other Loan Document (including a payment effected through exercise of a right of setoff) is rescinded, or is or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of Holdings or the Borrower or otherwise (including pursuant to any settlement entered into by a Holder of Guaranteed Obligations in its discretion), each of the Guarantors' obligations hereunder with respect to such payment shall be reinstated as though such payment had been due but not made at such time. The parties hereto acknowledge and agree that each of the Guaranteed Obligations shall be due and payable in the same currency as such Guaranteed Obligation is denominated, but if currency control or exchange regulations are imposed in the country which issues such currency with the result that such currency (the "Original Currency") no longer exists or the relevant Guarantor is not able to make payment in such Original Currency, then all payments to be made by such Guarantor hereunder in such currency shall instead be made when due in Dollars in an amount equal to the Dollar Amount (as of the date of payment) of such payment due, it being the intention of the parties hereto that each Guarantor takes all risks of the imposition of any such currency control or exchange regulations.

SECTION 6. General Waivers; Additional Waivers.

(A) General Waivers. Each of the Guarantors irrevocably waives acceptance hereof, presentment, demand or action on delinquency, protest, the benefit of any statutes of limitations and, to the fullest extent permitted by law, any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against Holdings, the Borrower, any other guarantor of the Guaranteed Obligations, or any other Person.

(B) Additional Waivers. Notwithstanding anything herein to the contrary, each of the Guarantors hereby absolutely, unconditionally, knowingly, and expressly waives:

(i) any right it may have to revoke this Guaranty as to future indebtedness or notice of acceptance hereof;

(ii) (a) notice of acceptance hereof; (b) notice of any loans or other financial accommodations made or extended under the Loan Documents or the creation or existence of any Guaranteed Obligations; (c) notice of the amount of the Guaranteed Obligations, subject, however, to each Guarantor's right to make inquiry of Administrative Agent and Holders of Guaranteed Obligations to ascertain the amount of the Guaranteed Obligations at any reasonable time; (d) notice of any adverse change in the financial condition of Holdings or the Borrower or of any other fact that might increase such Guarantor's risk hereunder; (e) notice of presentment for payment, demand, protest, and notice thereof as to any instruments among the Loan Documents; (f) notice of any Default or Event of Default; and (g) all other notices (except if such notice is specifically required to be given to such Guarantor hereunder or under the Loan Documents) and demands to which each Guarantor might otherwise be entitled;

(iii) its right, if any, to require the Administrative Agent and the other Holders of Guaranteed Obligations to institute suit against, or to exhaust any rights and remedies which the Administrative Agent and the other Holders of Guaranteed Obligations has or may have against, the other Guarantors or any third party, or against any Pledged Equity provided by the other Guarantors, or any third party; and each Guarantor further waives any defense arising by reason of any disability or other defense (other than the defense that the Guaranteed Obligations shall have been fully and finally performed and indefeasibly paid) of the other Guarantors or by reason of the cessation from any cause whatsoever of the liability of the other Guarantors in respect thereof;

(iv) (a) any rights to assert against the Administrative Agent and the other Holders of Guaranteed Obligations any defense (legal or equitable), set-off, counterclaim, or claim which such Guarantor may now or at any time hereafter have against the other Guarantors or any other party liable to the Administrative Agent and the other Holders of Guaranteed Obligations; (b) any defense, set-off, counterclaim, or claim, of any kind or nature, arising directly or indirectly from the present or future lack of perfection, sufficiency, validity, or enforceability of the Guaranteed Obligations or any security therefor; (c) any defense such Guarantor has to performance hereunder, and any right such Guarantor has to be exonerated, arising by reason of: the impairment or suspension of the Administrative Agent's and the other Holders of Guaranteed Obligations' rights or remedies against the other Guarantors; the alteration by the Administrative Agent and the other Holders of Guaranteed Obligations of the Guaranteed Obligations; any discharge of the other Guarantors' obligations to the Administrative Agent and the other Holders of Guaranteed Obligations by operation of law as a result of the Administrative Agent's and the other Holders of Guaranteed Obligations' intervention or omission; or the acceptance by the Administrative Agent and the other Holders of Guaranteed Obligations of anything in partial satisfaction of the Guaranteed Obligations; and (d) the benefit of any statute of limitations affecting such Guarantor's liability hereunder or the enforcement thereof, and any act which shall defer or delay the operation of any statute of limitations applicable to the Guaranteed Obligations shall similarly operate to defer or delay the operation of such statute of limitations applicable to such Guarantor's liability hereunder; and

(v) any defense arising by reason of or deriving from (a) any claim or defense based upon an election of remedies by the Administrative Agent and the other Holders of Guaranteed Obligations; or (b) any election by the Administrative Agent and the other Holders of Guaranteed Obligations under Section 1111(b) of Title 11 of the United States Code entitled "Bankruptcy", as now and hereafter in effect (or any successor statute), to limit the amount of, or any collateral securing, its claim against the Guarantors.

SECTION 7. Subordination of Subrogation; Subordination of Intercompany Indebtedness.

(A) Subordination of Subrogation. Until the Guaranteed Obligations have been fully and finally performed and indefeasibly paid in full in cash, the Guarantors (i) shall have no right of subrogation with respect to such Guaranteed Obligations, (ii) waive any right to enforce any remedy which the Holders of Guaranteed Obligations, the Issuing Bank or the Administrative Agent now have or may hereafter have against Holdings, the Borrower, any endorser or any guarantor of all or any part of the Guaranteed Obligations or any other Person, and (iii) waive any benefit of, and any right to participate in, any security or collateral given to the Holders of Guaranteed Obligations, the Issuing Bank and the Administrative Agent to secure the payment or performance of all or any part of the Guaranteed Obligations or any other liability of Holdings or the Borrower to the Holders of Guaranteed Obligations or the Issuing Bank. Should any Guarantor have the right, notwithstanding the foregoing, to exercise its subrogation rights, each Guarantor hereby expressly and irrevocably (A) subordinates any and all rights at law or in equity to subrogation, reimbursement, exoneration, contribution, indemnification or set off that such Guarantor may have to the indefeasible payment in full in cash of the Guaranteed Obligations and (B) waives any and all defenses available to a surety, guarantor or accommodation co-obligor until the Guaranteed Obligations are indefeasibly paid in full in cash. Each Guarantor acknowledges and agrees that this subordination is intended to benefit the Administrative Agent and the other Holders of Guaranteed Obligations and shall not limit or otherwise affect such Guarantor's liability hereunder or the enforceability of this Guaranty, and that the Administrative Agent, the other Holders of Guaranteed Obligations and their respective successors and assigns are intended third party beneficiaries of the waivers and agreements set forth in this Section 7(A).

(B) Subordination of Intercompany Indebtedness. Each Guarantor agrees that any and all claims of such Guarantor against Holdings, the Borrower or any other Guarantor hereunder (each an "Obligor") with respect to any "Intercompany Indebtedness" (as hereinafter defined), any endorser, obligor or any other guarantor of all or any part of the Guaranteed Obligations, or against any of its properties shall be subordinate and subject in right of payment to the prior payment, in full and in cash, of all Guaranteed Obligations; provided that, as long as no Event of Default has occurred and is continuing, such Guarantor may receive payments of principal and interest from any Obligor with respect to Intercompany Indebtedness. Notwithstanding any right of any Guarantor to ask, demand, sue for, take or receive any payment from any Obligor, all rights, liens and security interests of such Guarantor, whether now or hereafter arising and howsoever existing, in any assets of any other Obligor shall be and are subordinated to the rights of the Holders of Guaranteed Obligations and the Administrative Agent in those assets. No Guarantor shall have any right to possession of any such asset or to foreclose upon any such asset, whether by judicial action or otherwise, unless and until all of the Guaranteed Obligations shall have been fully paid and satisfied (in cash) and all financing arrangements pursuant to any Loan Document, any Swap Agreement or any Banking Services Agreement have been terminated. If all or any part of the assets of any Obligor, or the proceeds thereof, are subject to any distribution, division or application to the creditors of such Obligor, whether partial or complete, voluntary or involuntary, and whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding, or if the business of any such Obligor is dissolved or if substantially all of the assets of any such Obligor are sold, then, and in any such event (such events being herein referred to as an "Insolvency Event"), any payment or distribution of any kind or character, either in cash, securities or other property, which shall be payable or deliverable upon or with respect to any indebtedness of any Obligor to any Guarantor ("Intercompany Indebtedness") shall be paid or delivered directly to the Administrative Agent for application on any of the Guaranteed Obligations, due or to become due, until such Guaranteed Obligations shall have first been fully paid and satisfied (in cash). Should any payment, distribution, security or instrument or proceeds thereof be received by the applicable Guarantor upon or with respect to the Intercompany Indebtedness after any Insolvency Event and prior to the satisfaction of all of the Guaranteed Obligations and the termination of all financing arrangements pursuant to any Loan Document among Holdings, the Borrower and the Holders of Guaranteed Obligations, such Guarantor shall receive and hold the same in trust, as trustee, for the benefit of the Holders of Guaranteed Obligations and shall forthwith deliver the same to the Administrative Agent, for the benefit of the Holders of Guaranteed Obligations, in precisely the form received (except for the endorsement or assignment of the Guarantor where necessary), for application to any of the Guaranteed Obligations, due or not due, and, until so delivered, the same shall be held in trust by the Guarantor as the property of the Holders of Guaranteed Obligations. If any such Guarantor fails to make any such endorsement or assignment to the Administrative Agent, the Administrative Agent or any of its officers or employees is irrevocably authorized to make the same. Each Guarantor agrees that until the Guaranteed Obligations (other than the contingent indemnity obligations) have been paid in full (in cash) and satisfied and all financing arrangements pursuant to any Loan Document among Holdings, the Borrower and the Holders of Guaranteed Obligations have been terminated, no Guarantor will assign or transfer to any Person (other than the Administrative Agent) any claim any such Guarantor has or may have against any Obligor.

SECTION 8. Contribution with Respect to Guaranteed Obligations.

(A) To the extent that any Guarantor shall make a payment under this Guaranty (a "Guarantor Payment") which, taking into account all other Guarantor Payments then previously or concurrently made by any other Guarantor, exceeds the amount which otherwise would have been paid by or attributable to such Guarantor if each Guarantor had paid the aggregate Guaranteed Obligations satisfied by such Guarantor Payment in the same proportion as such Guarantor's "Allocable Amount" (as defined below) (as determined immediately prior to such Guarantor Payment) bore to the aggregate Allocable Amounts of each of the Guarantors as determined immediately prior to the making of such Guarantor Payment, then, following indefeasible payment in full in cash of the Guaranteed Obligations and termination of the Credit Agreement, the Swap Agreements and the Banking Services Agreements, such Guarantor shall be entitled to receive contribution and indemnification payments from, and be reimbursed by, each other Guarantor for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment.

(B) As of any date of determination, the "Allocable Amount" of any Guarantor shall be equal to the excess of the fair saleable value of the property of such Guarantor over the total liabilities of such Guarantor (including the maximum amount reasonably expected to become due in respect of contingent liabilities, calculated, without duplication, assuming each other Guarantor that is also liable for such contingent liability pays its ratable share thereof), giving effect to all payments made by other Guarantors as of such date in a manner to maximize the amount of such contributions.

(C) This Section 8 is intended only to define the relative rights of the Guarantors, and nothing set forth in this Section 8 is intended to or shall impair the obligations of the Guarantors, jointly and severally, to pay any amounts as and when the same shall become due and payable in accordance with the terms of this Guaranty.

(D) The parties hereto acknowledge that the rights of contribution and indemnification hereunder shall constitute assets of the Guarantor or Guarantors to which such contribution and indemnification is owing.

(E) The rights of the indemnifying Guarantors against other Guarantors under this Section 8 shall be exercisable upon the full and indefeasible payment of the Guaranteed Obligations in cash and the termination of the Credit Agreement, the Swap Agreements and the Banking Services Agreements.

SECTION 9. Limitation of Guaranty. Notwithstanding any other provision of this Guaranty, the amount guaranteed by each Guarantor hereunder shall be limited to the extent, if any, required so that its obligations hereunder shall not be subject to avoidance under Section 548 of the Bankruptcy Code or under any applicable state Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or similar statute or common law. In determining the limitations, if any, on the amount of any Guarantor's obligations hereunder pursuant to the preceding sentence, it is the intention of the parties hereto that any rights of subrogation, indemnification or contribution which such Guarantor may have under this Guaranty, any other agreement or applicable law shall be taken into account.

SECTION 10. Stay of Acceleration. If acceleration of the time for payment of any amount payable by Holdings or the Borrower under the Credit Agreement, any Swap Agreement, any Banking Services Agreement or any other Loan Document is stayed upon the insolvency, bankruptcy or reorganization of Holdings or the Borrower, all such amounts otherwise subject to acceleration under the terms of the Credit Agreement, any Swap Agreement, any Banking Services Agreement or any other Loan Document shall nonetheless be payable by each of the Guarantors hereunder forthwith on demand by the Administrative Agent.

SECTION 11. Notices. All notices, requests and other communications to any party hereunder shall be given in the manner prescribed in Article IX of the Credit Agreement with respect to the Administrative Agent at its notice address therein and with respect to any Guarantor, in care of Holdings at the address of Holdings set forth in the Credit Agreement or such other address or telecopy number as such party may hereafter specify for such purpose by notice to the Administrative Agent in accordance with the provisions of such Article IX.

SECTION 12. No Waivers. No failure or delay by the Administrative Agent or any other Holder of Guaranteed Obligations in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Guaranty, the Credit Agreement, any Swap Agreement, any Banking Services Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies provided by law.

SECTION 13. Successors and Assigns. This Guaranty is for the benefit of the Administrative Agent and the other Holders of Guaranteed Obligations and their respective successors and permitted assigns; provided, that no Guarantor shall have any right to assign its rights or obligations hereunder without the consent of all of the Lenders, and any such assignment in violation of this Section 13 shall be null and void; and in the event of an assignment of any amounts payable under the Credit Agreement, any Swap Agreement, any Banking Services Agreement or the other Loan Documents in accordance with the respective terms thereof, the rights hereunder, to the extent applicable to the indebtedness so assigned, may be transferred with such indebtedness. This Guaranty shall be binding upon each of the Guarantors and their respective successors and assigns.

SECTION 14. Changes in Writing. Other than in connection with the addition of additional Subsidiaries, which become parties hereto by executing a supplement hereto in the form attached as Annex I, neither this Guaranty nor any provision hereof may be changed, waived, discharged or terminated orally, but only in writing signed by each of the Guarantors and the Administrative Agent.

SECTION 15. GOVERNING LAW. THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAW OF THE STATE OF NEW YORK.

SECTION 16. JURISDICTION; CONSENT TO SERVICE OF PROCESS; WAIVER OF JURY TRIAL.

(A) JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY SUBMITS, FOR ITSELF AND ITS PROPERTY, TO THE EXCLUSIVE JURISDICTION OF THE SUPREME COURT OF THE STATE OF NEW YORK, BOROUGH OF MANHATTAN, SITTING IN NEW YORK COUNTY AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND ANY APPELLATE COURT FROM ANY THEREOF, IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO ANY LOAN DOCUMENT, OR FOR RECOGNITION OR ENFORCEMENT OF ANY JUDGMENT, AND EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY AGREES THAT ALL CLAIMS IN RESPECT OF ANY SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN SUCH NEW YORK STATE OR, TO THE EXTENT PERMITTED BY LAW, IN SUCH FEDERAL COURT. EACH OF THE PARTIES HERETO AGREES THAT A FINAL JUDGMENT IN ANY SUCH ACTION OR PROCEEDING SHALL BE CONCLUSIVE AND MAY BE ENFORCED IN OTHER JURISDICTIONS BY SUIT ON THE JUDGMENT OR IN ANY OTHER MANNER PROVIDED BY LAW. NOTHING IN THIS GUARANTY OR ANY OTHER LOAN DOCUMENT SHALL AFFECT ANY RIGHT THAT THE ADMINISTRATIVE AGENT, THE ISSUING BANK OR ANY LENDER MAY OTHERWISE HAVE TO BRING ANY ACTION OR PROCEEDING RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT AGAINST ANY LOAN PARTY OR ITS PROPERTIES IN THE COURTS OF ANY JURISDICTION. EACH GUARANTOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES, TO THE FULLEST EXTENT IT MAY LEGALLY AND EFFECTIVELY DO SO, ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS GUARANTY OR ANY OTHER LOAN DOCUMENT IN ANY COURT REFERRED TO IN THIS PARAGRAPH. EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, THE DEFENSE OF AN INCONVENIENT FORUM TO THE MAINTENANCE OF SUCH ACTION OR PROCEEDING IN ANY SUCH COURT.

(B) CONSENT TO SERVICE OF PROCESS. EACH PARTY TO THIS GUARANTY IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN SECTION 9.01 OF THE CREDIT AGREEMENT. NOTHING IN THIS GUARANTY OR ANY OTHER LOAN DOCUMENT WILL AFFECT THE RIGHT OF ANY PARTY TO THIS GUARANTY TO SERVE PROCESS IN ANY OTHER MANNER PERMITTED BY LAW.

(C) WAIVER OF JURY TRIAL. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS GUARANTY, ANY OTHER LOAN DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

SECTION 17. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Guaranty. In the event an ambiguity or question of intent or interpretation arises, this Guaranty shall be construed as if drafted jointly by the parties hereto and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Guaranty.

SECTION 18. Taxes, Expenses of Enforcement, Etc.

(A) Taxes.

(i) Each payment by any Guarantor hereunder or under any promissory note or application for a Letter of Credit shall be made without withholding for any Taxes, unless such withholding is required by any law. If any Guarantor determines, in its sole discretion exercised in good faith, that it is so required to withhold Taxes, then such Guarantor may so withhold and shall timely pay the full amount of withheld Taxes to the relevant Governmental Authority in accordance with applicable law. If such Taxes are Indemnified Taxes, then the amount payable by the Guarantor shall be increased as necessary so that, net of such withholding (including such withholding applicable to additional amounts payable under this Section), the applicable Recipient receives the amount it would have received had no such withholding been made.

(ii) In addition, such Guarantor shall timely pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(iii) As soon as practicable after any payment of Indemnified Taxes by any Guarantor to a Governmental Authority, such Guarantor shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(iv) The Guarantors shall jointly and severally indemnify each Recipient for any Indemnified Taxes that are paid or payable by such Recipient in connection with any Loan Document (including amounts payable under this Section 18(A)) and any reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. The indemnity under this Section 18(A) shall be paid within ten (10) days after the Recipient delivers to any Guarantor a certificate stating the amount of any Indemnified Taxes so payable by such Recipient. Such certificate shall be conclusive of the amount so payable absent manifest error. Such Recipient shall deliver a copy of such certificate to the Administrative Agent. In the case of any Lender making a claim under this Section 18(A) on behalf of any of its beneficial owners, an indemnity payment under this Section 18(A) shall be due only to the extent that such Lender is able to establish that, with respect to the applicable Indemnified Taxes, such beneficial owners supplied to the applicable Persons such properly completed and executed documentation necessary to claim any applicable exemption from, or reduction of, such Indemnified Taxes.

(v) By accepting the benefits hereof, each Lender agrees that it will comply with Section 2.17(f) of the Credit Agreement.

(B) Expenses of Enforcement, Etc. The Guarantors agree to reimburse the Administrative Agent and the other Holders of Guaranteed Obligations for any reasonable costs and out-of-pocket expenses (including attorneys' fees) paid or incurred by the Administrative Agent or any other Holder of Guaranteed Obligations in connection with the collection and enforcement of amounts due under the Loan Documents, including without limitation this Guaranty.

SECTION 19. Setoff. At any time after all or any part of the Guaranteed Obligations have become due and payable (by acceleration or otherwise), each Holder of Guaranteed Obligations (including the Administrative Agent) and its Affiliates may, without notice to any Guarantor and regardless of the acceptance of any security or collateral for the payment hereof, appropriate and apply in accordance with the terms of the Credit Agreement toward the payment of all or any part of the Guaranteed Obligations (i) any indebtedness due or to become due from such Holder of Guaranteed Obligations or the Administrative Agent to any Guarantor, and (ii) any moneys, credits or other property belonging to any Guarantor, at any time held by or coming into the possession of such Holder of Guaranteed Obligations (including the Administrative Agent) or any of their respective affiliates.

SECTION 20. Financial Information. Each Guarantor hereby assumes responsibility for keeping itself informed of the financial condition of Holdings or the Borrower and any and all endorsers and/or other Guarantors of all or any part of the Guaranteed Obligations, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations, or any part thereof, that diligent inquiry would reveal, and each Guarantor hereby agrees that none of the Holders of Guaranteed Obligations (including the Administrative Agent) shall have any duty to advise such Guarantor of information known to any of them regarding such condition or any such circumstances. In the event any Holder of Guaranteed Obligations (including the Administrative Agent), in its sole discretion, undertakes at any time or from time to time to provide any such information to a Guarantor, such Holder of Guaranteed Obligations (including the Administrative Agent) shall be under no obligation (i) to undertake any investigation not a part of its regular business routine, (ii) to disclose any information which such Holder of Guaranteed Obligations (including the Administrative Agent), pursuant to accepted or reasonable commercial finance or banking practices, wishes to maintain confidential or (iii) to make any other or future disclosures of such information or any other information to such Guarantor.

SECTION 21. Severability. Wherever possible, each provision of this Guaranty shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Guaranty shall be prohibited by or invalid under such law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions of this Guaranty.

SECTION 22. Merger. This Guaranty represents the final agreement of each of the Guarantors with respect to the matters contained herein and may not be contradicted by evidence of prior or contemporaneous agreements, or subsequent oral agreements, between the Guarantor and any Holder of Guaranteed Obligations (including the Administrative Agent).

SECTION 23. Headings. Section headings in this Guaranty are for convenience of reference only and shall not govern the interpretation of any provision of this Guaranty.

SECTION 24. Judgment Currency. If for the purposes of obtaining judgment in any court it is necessary to convert a sum due from any Guarantor hereunder in the currency expressed to be payable herein (the "specified currency") into another currency, the parties hereto agree, to the fullest extent that they may effectively do so, that the rate of exchange used shall be that at which in accordance with normal banking procedures the Administrative Agent could purchase the specified currency with such other currency at the Administrative Agent's main New York City office on the Business Day preceding that on which final, non-appealable judgment is given. The obligations of each Guarantor in respect of any sum due hereunder shall, notwithstanding any judgment in a currency other than the specified currency, be discharged only to the extent that on the Business Day following receipt by any Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, of any sum adjudged to be so due in such other currency such Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, may in accordance with normal, reasonable banking procedures purchase the specified currency with such other currency. If the amount of the specified currency so purchased is less than the sum originally due to such Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, in the specified currency, each Guarantor agrees, to the fullest extent that it may effectively do so, as a separate obligation and notwithstanding any such judgment, to indemnify such Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, against such loss, and if the amount of the specified currency so purchased exceeds (a) the sum originally due to any Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, in the specified currency and (b) amounts shared with other Holders of Guaranteed Obligations as a result of allocations of such excess as a disproportionate payment to such other Holder of Guaranteed Obligations under Section 2.18 of the Credit Agreement, such Holder of Guaranteed Obligations (including the Administrative Agent), as the case may be, agrees, by accepting the benefits hereof, to remit such excess to such Guarantor.

SECTION 25. Keepwell. Each Qualified ECP Guarantor hereby jointly and severally absolutely, unconditionally and irrevocably undertakes to provide such funds or other support as may be needed from time to time by each other Loan Party to honor all of its obligations under this Guaranty or Article X of the Credit Agreement, as applicable, in respect of Specified Swap Obligations (provided, however, that each Qualified ECP Guarantor shall only be liable under this Section 25 for the maximum amount of such liability that can be hereby incurred without rendering its obligations under this Section 25 or otherwise under this Guaranty voidable under applicable law relating to fraudulent conveyance or fraudulent transfer, and not for any greater amount). The obligations of each Qualified ECP Guarantor under this Section 25 shall remain in full force and effect until a discharge of such Qualified ECP Guarantor's Guaranteed Obligations in accordance with the terms hereof and the other Loan Documents. Each Qualified ECP Guarantor intends that this Section 25 constitute, and this Section 25 shall be deemed to constitute, a "keepwell, support, or other agreement" for the benefit of each other Guarantor for all purposes of Section 1a(18)(A)(v)(II) of the Commodity Exchange Act.

SECTION 26. Counterparts. This Guaranty may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. Delivery of an executed counterpart of a signature page of this Guaranty by telecopy, e-mailed .pdf or any other electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Guaranty. The words "execution," "signed," "signature," "delivery," and words of like import in or relating to any document to be signed in connection with this Guaranty and the transactions contemplated hereby shall be deemed to include Electronic Signatures, deliveries or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature, physical delivery thereof or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 27. Termination of Guaranty. The obligations of any Guarantor under this Guaranty shall automatically terminate in accordance with Section 9.14 of the Credit Agreement.

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IN WITNESS WHEREOF, each of the Initial Guarantors has caused this Guaranty to be duly executed by its authorized officer as of the day and year first above written.

[GUARANTORS]

By: _____
Name:
Title:

Acknowledged and Agreed
as of the date first written above:

JPMORGAN CHASE BANK, N.A.,
as Administrative Agent

By: _____
Name:
Title:

ANNEX I TO AMENDED AND RESTATED GUARANTY

Reference is hereby made to the Amended and Restated Guaranty (the "Guaranty") made as of October [ ], 2013, by and among [GUARANTORS TO COME] (the "Initial Guarantors" and along with any additional Subsidiaries of Holdings, which become parties thereto and together with the undersigned, the "Guarantors") in favor of the Administrative Agent, for the ratable benefit of the Holders of Guaranteed Obligations, under the Credit Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to them in the Guaranty. By its execution below, the undersigned [NAME OF NEW GUARANTOR], a [corporation] [partnership] [limited liability company] (the "New Guarantor"), agrees to become, and does hereby become, a Guarantor under the Guaranty and agrees to be bound by such Guaranty as if originally a party thereto. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in Section 2 of the Guaranty are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, New Guarantor has executed and delivered this Annex I counterpart to the Guaranty as of this day of , 20 .

[NAME OF NEW GUARANTOR]

By: _____
Its:

EXHIBIT G-1

FORM OF U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with a certificate of its non-U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT G-2

FORM OF U.S. TAX CERTIFICATE

(For Non-U.S. Lenders That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the Loan(s) (as well as any Note(s) evidencing such Loan(s)) in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such Loan(s) (as well as any Note(s) evidencing such Loan(s)), (iii) with respect to the extension of credit pursuant to this Credit Agreement, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished the Administrative Agent and the Borrower with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform the Borrower and the Administrative Agent and (2) the undersigned shall have at all times furnished the Borrower and the Administrative Agent with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT G-3

FORM OF U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Not Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record and beneficial owner of the participation in respect of which it is providing this certificate, (ii) it is not a bank within the meaning of Section 881(c)(3)(A) of the Code, (iii) it is not a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (iv) it is not a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (v) the interest payments in question are not effectively connected with the undersigned's conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with a certificate of its non- U.S. person status on IRS Form W-8BEN. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender in writing and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF LENDER]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT G-4

FORM OF U.S. TAX CERTIFICATE

(For Non-U.S. Participants That Are Partnerships For U.S. Federal Income Tax Purposes)

Reference is hereby made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation, the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent").

Pursuant to the provisions of Section 2.17 of the Credit Agreement, the undersigned hereby certifies that (i) it is the sole record owner of the participation in respect of which it is providing this certificate, (ii) its partners/members are the sole beneficial owners of such participation, (iii) with respect such participation, neither the undersigned nor any of its partners/members is a bank extending credit pursuant to a loan agreement entered into in the ordinary course of its trade or business within the meaning of Section 881(c)(3)(A) of the Code, (iv) none of its partners/members is a ten percent shareholder of the Borrower within the meaning of Section 871(h)(3)(B) of the Code, (v) none of its partners/members is a controlled foreign corporation related to the Borrower as described in Section 881(c)(3)(C) of the Code, and (vi) the interest payments in question are not effectively connected with the undersigned's or its partners/members' conduct of a U.S. trade or business.

The undersigned has furnished its participating Lender with IRS Form W-8IMY accompanied by an IRS Form W-8BEN from each of its partners/members claiming the portfolio interest exemption. By executing this certificate, the undersigned agrees that (1) if the information provided on this certificate changes, the undersigned shall promptly so inform such Lender and (2) the undersigned shall have at all times furnished such Lender with a properly completed and currently effective certificate in either the calendar year in which each payment is to be made to the undersigned, or in either of the two calendar years preceding such payments.

Unless otherwise defined herein, terms defined in the Credit Agreement and used herein shall have the meanings given to them in the Credit Agreement.

[NAME OF PARTICIPANT]

By: _____
Name:
Title:

Date: , 20[ ]

EXHIBIT H

FORM OF COMPLIANCE CERTIFICATE

COMPLIANCE CERTIFICATE

To: The Lenders parties to the
Credit Agreement Described Below

This Compliance Certificate is furnished pursuant to that certain Amended and Restated Credit Agreement dated as of October 10, 2013 (as amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC (the "Borrower"), ON Semiconductor Corporation ("Holdings"), the Lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent"). Unless otherwise defined herein, capitalized terms used in this Compliance Certificate have the meanings ascribed thereto in the Agreement.

THE UNDERSIGNED HEREBY CERTIFIES THAT:

1. I am the duly elected of Holdings;

2. I have reviewed the terms of the Credit Agreement and I have made, or have caused to be made under my supervision, a detailed review of the transactions and conditions of Holdings, the Borrower and the Subsidiaries during the accounting period covered by the attached financial statements [**for quarterly or monthly financial statements add:** and such financial statements present fairly in all material respects the financial condition and results of operations of Holdings, the Borrower and the Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments and the absence of footnotes];

3. The examinations described in paragraph 2 did not disclose, except as set forth below, and I have no knowledge of (i) the existence of any Default which occurred and is continuing or (ii) any change in GAAP or in the application thereof that has occurred since the date of the audited financial statements referred to in Section 3.04 of the Credit Agreement;

4. Schedule I attached hereto sets forth financial data and computations evidencing Holdings' and the Borrower's compliance with certain covenants of the Credit Agreement, all of which data and computations are true, complete and correct; and

5. Schedule II hereto sets forth the computations necessary to determine the Applicable Rate commencing on the Business Day this certificate is delivered.

Described below are the exceptions, if any, to paragraph 3 by listing, in detail, the (i) nature of the condition or event, the period during which it has existed and the action which Holdings has taken, is taking, or proposes to take with respect to each such condition or event or (ii) the change in GAAP or the application thereof and the effect of such change on the attached financial statements:

The foregoing certifications, together with the computations set forth in Schedule I and Schedule II hereto and the financial statements delivered with this Certificate in support hereof, are made and delivered this day of , .

ON SEMICONDUCTOR CORPORATION

By: _____

Name: _____

Title: _____

Compliance as of , with
Provisions of and of
the Credit Agreement

Applicable Rate Calculation

EXHIBIT I

FORM OF BORROWING REQUEST

JPMorgan Chase Bank, N.A.,
as Administrative Agent
for the Lenders referred to below
[10 South Dearborn, 7th Floor
Chicago, IL 60603
Attention: April Yebd
Fax: (888) 292-9533][1]

Re: Semiconductor Components Industries, LLC

[Date]

Ladies and Gentlemen:

Reference is made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), ON Semiconductor Corporation, a Delaware corporation, the financial institutions party thereto from time to time as Lenders (the "Lenders"), and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.03 of the Credit Agreement that it requests a Revolving Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such Revolving Borrowing requested hereby:

1. Aggregate principal amount of Borrowing:[2]
2. Date of Borrowing (which shall be a Business Day):
3. Type of Borrowing (ABR or Eurocurrency):
4. Interest Period and the last day thereof (if a Eurocurrency Borrowing):[3]
5. Agreed Currency:
6. Location and number of Borrower's account with the Administrative Agent or any other account agreed upon by the Administrative Agent and the Borrower to which proceeds of Borrowing are to be disbursed:

[Signature Page Follows]

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1 If request is in respect of Revolving Loans in a Foreign Currency, please replace this address with the London address from Section 9.01(a)(ii).
2 Not less than applicable amounts specified in Section 2.02(c).
3 Which must comply with the definition of "Interest Period" and end not later than the Maturity Date.

The Borrower hereby represents and warrants that the conditions to lending specified in Section[s] [4.01 and][4] 4.02 of the Credit Agreement are satisfied as of the date hereof.

Very truly yours,

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
as Borrower

By: _____
Name:
Title:

[4] To be included only for Borrowings on the Effective Date.

EXHIBIT J

FORM OF INTEREST ELECTION REQUEST

JPMorgan Chase Bank, N.A.,
as Administrative Agent
for the Lenders referred to below
[10 South Dearborn, 7th Floor
Chicago, IL 60603
Attention: April Yebd
Fax: (888) 292-9533][1]

Re: Semiconductor Components Industries, LLC

[Date]

Ladies and Gentlemen:

Reference is made to the Amended and Restated Credit Agreement dated as of October 10, 2013 (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), ON Semiconductor Corporation, a Delaware corporation, the financial institutions party thereto from time to time as Lenders (the "Lenders"), and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "Administrative Agent") for the Lenders. Capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Credit Agreement. The Borrower hereby gives you notice pursuant to Section 2.08 of the Credit Agreement that it requests to [convert][continue] an existing Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to such [conversion][continuation] requested hereby:

1. List date, Type, principal amount, Agreed Currency and Interest Period (if applicable) of existing Borrowing:

2. Aggregate principal amount of resulting Borrowing:

3. Effective date of interest election (which shall be a Business Day):

4. Type of Borrowing (ABR or Eurocurrency):

5. Interest Period and the last day thereof (if a Eurocurrency Borrowing):[2]

6. Agreed Currency:

[Signature Page Follows]

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1 If request is in respect of Revolving Loans in a Foreign Currency, please replace this address with the London address from Section 9.01(a)(ii).

2 Which must comply with the definition of "Interest Period" and end not later than the Maturity Date.

Very truly yours,

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC,
as Borrower

By: _____
Name:
Title:

EXHIBIT K

FORM OF PROMISSORY NOTE

Dated: [ ], 2013

FOR VALUE RECEIVED, the undersigned, Semiconductor Components Industries, LLC, a Delaware limited liability company (the "Borrower"), HEREBY UNCONDITIONALLY PROMISES TO PAY to the order of [LENDER] (the "Lender") the aggregate unpaid Dollar Amount of all Loans made by the Lender to the Borrower pursuant to the "Credit Agreement" (as defined below) on the Maturity Date or on such earlier date as may be required by the terms of the Credit Agreement. Capitalized terms used herein and not otherwise defined herein are as defined in the Credit Agreement.

The undersigned Borrower promises to pay interest on the unpaid principal amount of each Loan made to it from the date of such Loan until such principal amount is paid in full at a rate or rates per annum determined in accordance with the terms of the Credit Agreement. Interest hereunder is due and payable at such times and on such dates as set forth in the Credit Agreement.

At the time of each Loan, and upon each payment or prepayment of principal of each Loan, the Lender shall make a notation either on the schedule attached hereto and made a part hereof, or in such Lender's own books and records, in each case specifying the amount of such Loan, the respective Interest Period thereof (in the case of Eurocurrency Loans) or the amount of principal paid or prepaid with respect to such Loan, as applicable; provided that the failure of the Lender to make any such recordation or notation shall not affect the Secured Obligations of the undersigned Borrower hereunder or under the Credit Agreement.

This Note is one of the notes referred to in, and is entitled to the benefits of, that certain Amended and Restated Credit Agreement dated as of October 10, 2013 by and among the Borrower, ON Semiconductor Corporation, a Delaware corporation, the financial institutions from time to time parties thereto as Lenders and JPMorgan Chase Bank, N.A., as Administrative Agent (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Credit Agreement"). The Credit Agreement, among other things, (i) provides for the making of Loans by the Lender to the undersigned Borrower from time to time in an aggregate principal amount not to exceed at any time outstanding the Dollar Amount of such Lender's Commitment, the indebtedness of the undersigned Borrower resulting from each such Loan to it being evidenced by this Note, and (ii) contains provisions for acceleration of the maturity hereof upon the happening of certain stated events and also for prepayments of the principal hereof prior to the maturity hereof upon the terms and conditions therein specified.

This Note is secured by the Pledge Agreements. Reference is hereby made to the Pledge Agreements for a description of the collateral thereby mortgaged, warranted, bargained, sold, released, conveyed, assigned, transferred, pledged and hypothecated, the nature and extent of the security for this Note, the rights of the holder of this Note, the Administrative Agent in respect of such security and otherwise.

Demand, presentment, protest and notice of nonpayment and protest are hereby waived by the Borrower. Whenever in this Note reference is made to the Administrative Agent, the Lender or the Borrower, such reference shall be deemed to include, as applicable, a reference to their respective successors and assigns. The provisions of this Note shall be binding upon and shall inure to the benefit of said successors and assigns. The Borrower's successors and assigns shall include, without limitation, a receiver, trustee or debtor in possession of or for the Borrower.

This Note shall be construed in accordance with and governed by the law of the State of New York.

[Signature Page Follows]

SEMICONDUCTOR COMPONENTS INDUSTRIES, LLC

By: _____
Name:
Title:

Note

SCHEDULE OF LOANS AND PAYMENTS OR PREPAYMENTS

Date	Amount of Loan	Type of Loan Currency	Interest Period/Rate	Amount of Principal Paid or Prepaid	Unpaid Principal Balance	Notation Made By

Exhibit 31.1

CERTIFICATIONS

I, Keith D. Jackson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ON Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2014

/s/ KEITH D. JACKSON
Keith D. Jackson
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Bernard Gutmann, certify that:

1. I have reviewed this quarterly report on Form 10-Q of ON Semiconductor Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 31, 2014

/s/ BERNARD GUTMANN

Bernard Gutmann
Chief Financial Officer

Exhibit 32.1

Certification

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

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

The Quarterly Report on Form 10-Q for the fiscal quarter ended June 27, 2014 ("Form 10-Q") of the Company fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: July 31, 2014

/s/ KEITH D. JACKSON

Keith D. Jackson
President and Chief Executive Officer

Dated: July 31, 2014

/s/ BERNARD GUTMANN

Bernard Gutmann
Executive Vice President and
Chief Financial Officer and Treasurer