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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

**April 22, 2019
Date of Report (Date of earliest event reported)**

ON Semiconductor Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

000-30419
(Commission
File Number)

36-3840979
(IRS Employer
Identification No.)

ON Semiconductor Corporation
5005 E. McDowell Road
Phoenix, Arizona
(Address of principal executive offices)

85008
(Zip Code)

(602) 244-6600
(Registrant's telephone number, including area code)

Not applicable
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act of 1934 (17 CFR 240.12b-2).

Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

Asset Purchase Agreement

On April 22, 2019, Semiconductor Components Industries, LLC, a Delaware limited liability company ("SCILLC") and a wholly owned subsidiary of ON Semiconductor Corporation, a Delaware corporation ("ON Semiconductor"), GLOBALFOUNDRIES U.S. Inc., a Delaware corporation ("Seller"), and GLOBALFOUNDRIES Inc., an exempted company incorporated under the laws of the Cayman Islands ("Seller Insurance Affiliate"), entered into an Asset Purchase Agreement (the "Asset Purchase Agreement").

Pursuant to the terms and subject to the conditions of the Asset Purchase Agreement, SCILLC will acquire Seller's East Fishkill, New York site and fabrication facilities (the "EFK Fab Facility"), including post-fabrication facility, support buildings and related assets (the foregoing, including the EFK Fab Facility, the "Transferred Assets"), and assume certain related liabilities, including liabilities relating to SCILLC's ownership and operation of the Transferred Assets. The transactions described above are collectively referred to herein as the "Asset Purchase." In connection with the execution of the Asset Purchase Agreement, SCILLC and an affiliate of Seller entered into certain ancillary agreements pursuant to which such Seller affiliate will license certain technology to SCILLC, provide SCILLC with technology transfer and development services and provide SCILLC with foundry services prior to the closing date of the Asset Purchase (the "Closing Date"), and SCILLC will provide such Seller affiliate with foundry services for a limited time period following the Closing Date.

The aggregate purchase price for the Asset Purchase is \$400 million in cash, subject to adjustment as described in the Asset Purchase Agreement (the "Total Consideration"), \$70 million of which, representing a non-refundable deposit on the Asset Purchase and which amount is subject to downward adjustment, was paid on the date of the execution of the Asset Purchase Agreement and \$330 million of which will be paid (i) if the Closing Date is on or before January 2, 2023, on January 2, 2023 and (ii) otherwise, on the Closing Date. In addition, on the date of execution of the Asset Purchase Agreement, SCILLC paid Seller a license fee of \$30 million in cash, which amount is subject to upward adjustment, for certain technology to be licensed to SCILLC pursuant to the ancillary agreements.

The Closing Date is expected to occur on or around December 31, 2022, subject to the satisfaction or waiver of the conditions to closing as specified in the Asset Purchase Agreement.

Completion of the Asset Purchase is subject to a number of conditions, including, among other things: (i) the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (ii) a certain number of employees of Seller having signed offer letters with SCILLC or its affiliate, which offer letters shall become effective at the Closing Date; (iii) if there is a Total Loss Event (as defined below), Seller having cured such Total Loss Event at or prior to the Closing Date; and (iv) certain other customary closing conditions, including accuracy of representations and warranties, material performance of covenants, and no material adverse effect on the Transferred Assets.

SCILLC and Seller have made customary representations and warranties in the Asset Purchase Agreement, as well as certain covenants, including, among other things, that: (i) each party will use reasonable best efforts to obtain required regulatory approvals; and (ii) Seller will abide by certain exclusivity and non-solicitation covenants. Seller has also agreed that if, prior to the Closing Date, there is an event that would reasonably be expected to result in more than 50% of the total installed manufacturing capacity at the EFK Facility becoming inoperable for six consecutive months (a "Total Loss Event"), and such Total Loss Event would reasonable be expected to be capable of being cured within 18 months after such Total Loss Event (the "Maximum Cure Period") but prior to June 30, 2024, Seller and Seller Insurance Affiliate will use commercially reasonable efforts to cure such Total Loss Event on the terms described in the Asset Purchase Agreement.

The Asset Purchase Agreement contains certain termination rights for each of SCILLC and Seller, including termination by SCILLC if a Total Loss Event occurs that SCILLC and Seller mutually agree is incurable or that has not been cured prior to the expiration of the Maximum Cure Period.

The Asset Purchase Agreement contains indemnification rights for each of SCILLC and Seller for breaches of representations and warranties and covenants, as well as certain other matters, subject to customary deductibles, caps and other limitations.

Item 7.01 Regulation FD Disclosure.

On April 22, 2019, ON Semiconductor and GLOBALFOUNDRIES issued a joint press release announcing entry into the Asset Purchase Agreement. A copy of the press release is attached hereto as [Exhibit 99.1](#) and incorporated herein by reference.

On April 22, 2019, ON Semiconductor posted an investor presentation relating to the transactions contemplated by the Asset Purchase Agreement to the investor relations section of its website. A copy of the investor presentation is attached hereto as [Exhibit 99.2](#) and is incorporated herein by reference.

The information under this Item 7.01 of this Current Report on Form 8-K, including [Exhibit 99.1](#) and [Exhibit 99.2](#), is being furnished under Item 7.01 and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to liability of that section nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, regardless of any general incorporation language in such filing, except as shall be expressly set forth by specific reference in such filing.

Forward-Looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, statements related to the consummation and benefits of the Asset Purchase and its anticipated Closing Date. These forward-looking statements are made based on information available to ON Semiconductor as of the date of this Current Report on Form 8-K and current expectations, forecasts, estimates and assumptions and involve a number of risks and uncertainties that could cause actual results or events to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond the control of ON Semiconductor. In particular, such risks and uncertainties include, but are not limited to: the risk that the Asset Purchase and related transactions do not close when anticipated, or at all; the risk that one or more conditions to closing the Asset Purchase and related transactions, including the receipt of applicable regulatory approvals, may not be satisfied or waived on a timely basis or at all; the risk that ON Semiconductor may not realize the anticipated benefits from the Asset Purchase and related transactions, including, but not limited to, manufacturing optimization and the receipt of any applicable state incentives, tax benefits, payments or other consideration; revenue and operating performance and progress towards ON Semiconductor’s previously announced financial model; economic conditions and markets (including current financial conditions); risks related to the ability to meet assumptions regarding outlook for revenue and gross margin as a percentage of revenue; 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 intellectual property rights and related risks; risks related to the security of our information systems and secured network; 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; risks associated with other acquisitions and dispositions, including our ability to realize the anticipated benefits of our acquisitions and dispositions; risks that acquisitions or dispositions may disrupt our current plans and operations, the risk of unexpected costs, charges or expenses resulting from acquisitions or dispositions and difficulties arising from integrating and consolidating acquired businesses, our timely filing of financial information with the U.S. Securities and Exchange Commission (the “SEC”) for acquired businesses and our ability to accurately predict the future financial performance of acquired businesses; 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 in accordance with our capital allocation policy, such as debt prepayment, stock repurchases or acquisitions rather than to retain such cash for future needs; 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 changes in trade policies, foreign employment and labor matters associated with unions and collective bargaining arrangements, as well as man-made and/or natural disasters affecting our operations or financial results; the threat or occurrence of international armed conflict and terrorist activities both in the U.S. and internationally; risks of changes in U.S. or international tax rates or legislation, including the impact of the recent U.S. tax legislation; 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. Information concerning additional factors that could cause results to differ materially from those projected in the forward-looking statements is contained in ON Semiconductor’s Annual Report on Form 10-K for the year ended December 31, 2018, as filed with the SEC on February 20, 2019, and in ON Semiconductor’s subsequent Current Reports on Form 8-K and other filings with the SEC. These forward-looking statements are as of the date hereof and should not be relied upon as representing our views as of any subsequent date, and ON Semiconductor does not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as may be required by law.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Joint press release of ON Semiconductor Corporation and GLOBALFOUNDRIES, dated April 22, 2019.
99.2	Investor presentation of ON Semiconductor Corporation, dated April 22, 2019.

SIGNATURES

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

ON SEMICONDUCTOR CORPORATION
(Registrant)

April 22, 2019

By: /s/ Bernard Gutmann

Name: Bernard Gutmann

Title: Executive Vice President, Chief Financial Officer,
and Treasurer



ON Semiconductor®



News Release

ON Semiconductor and GLOBALFOUNDRIES Partner to Transfer Ownership of East Fishkill, NY 300mm Facility

Acquisition optimizes cost structure, increases manufacturing capacity and positions both companies for future growth

Key Transaction Highlights:

- Technology team with extensive 300mm manufacturing and development experience
- Defined multi-year transition period with 300mm operating partner enabling strong factory loading
- Path for high volume MOSFET and IGBT turnkey capacity, along with advanced CMOS capability

PHOENIX, Ariz. and SANTA CLARA, Calif. – April 22, 2019 – ON Semiconductor Corporation (Nasdaq: **ON**) (“ON Semiconductor”) and GLOBALFOUNDRIES today announced that they have entered into a definitive agreement for ON Semiconductor to acquire a 300mm fab located in East Fishkill, New York. The total consideration for the acquisition is \$430 million, of which \$100 million has been paid at signing of the definitive agreement, and \$330 million will be paid at the end of 2022, after which ON Semiconductor will gain full operational control of the fab, and the site’s employees will transition to ON Semiconductor. Completion of the transaction is subject to regulatory approval and other customary closing conditions.

The agreement allows ON Semiconductor to increase its 300mm production at the East Fishkill fab over several years, and allows for GLOBALFOUNDRIES to transition its numerous technologies to the company’s three other at-scale 300mm sites. Under the terms of the agreement, GLOBALFOUNDRIES will manufacture 300mm wafers for ON Semiconductor until the end of 2022. First production of 300mm wafers for ON Semiconductor is expected to start in 2020.

The agreement also includes a technology transfer and development agreement and a technology license agreement. This provides a world class, experienced 300mm manufacturing and development team to enable conversion of ON Semiconductor wafer processes from 200mm to 300mm. ON Semiconductor will also have immediate access to advanced CMOS capability including 45nm and 65nm technology nodes. These processes will form the basis for future technology development at ON Semiconductor.

“We are pleased to welcome the GLOBALFOUNDRIES Fab10 team to ON Semiconductor’s team. The acquisition of 300 mm East Fishkill fab is another major step in our progress towards leadership in power and analog semiconductors,” said Keith Jackson, president and chief executive officer of ON Semiconductor. “The acquisition adds additional capacity over next few years to support growth in our

ON Semiconductor and GLOBALFOUNDRIES Partner to Transfer Ownership of East Fishkill, NY 300mm Facility

power and analog products, enables incremental manufacturing efficiencies, and accelerates progress towards target our financial model. I am very excited about the opportunity this acquisition creates for customers, shareholders, and employees of the two companies and look forward to a successful partnership with GLOBALFOUNDRIES in the coming years.”

“ON Semiconductor is an ideal partner for GLOBALFOUNDRIES and this agreement is a transformative step in our journey to build GLOBALFOUNDRIES into the world’s leading specialty foundry,” said Tom Caulfield, CEO at GLOBALFOUNDRIES. “This partnership enables GLOBALFOUNDRIES to further optimize our assets globally and intensify our investments in the differentiated technologies that fuel our growth while securing a long-term future for the Fab 10 facility and our employees.”

“We are excited to support ON Semiconductor’s expansion to the Mid-Hudson Region, which will keep high paying manufacturing jobs in New York State and support the company’s plan for future growth and development,” said Howard Zemsky, president and CEO at Empire State Development.

Teleconference

ON Semiconductor will host a conference call for the financial community at 9:00 a.m. Eastern Standard Time (EST), on April 22, 2019, to discuss this announcement. ON Semiconductor will also provide a real-time audio webcast of the teleconference on the Investors page of its website at <http://www.onsemi.com>. The webcast replay will be available at this site approximately one hour following the live broadcast and will continue to be available for approximately one year following the conference call. Investors and interested parties can also access the conference call through a telephone call by dialing (877) 356-3762 (U.S./Canada) or (262) 558-6155 (International). In order to join this conference call, you will be required to provide the Conference ID Number – which is 7881834.

About ON Semiconductor

ON Semiconductor (Nasdaq: **ON**) is driving energy efficient innovations, empowering customers to reduce global energy use. The Company is a leading supplier of semiconductor-based solutions, offering a comprehensive portfolio of energy efficient power management, analog, sensors, logic, timing, connectivity, discrete, SoC and custom devices. The Company’s products help engineers solve their unique design challenges in automotive, communications, computing, consumer, industrial, medical, aerospace and defense applications. ON Semiconductor operates a responsive, reliable, world-class supply chain and quality program, a robust compliance and ethics program and a network of manufacturing facilities, sales offices and design centers in key markets throughout North America, Europe and the Asia Pacific regions. For more information, visit <http://www.onsemi.com>.

ON Semiconductor and the ON Semiconductor logo are registered trademarks of Semiconductor Components Industries, LLC. All other brand and product names appearing in this document are registered trademarks or trademarks of their respective holders. Although the Company references its website in this news release, information on the website is not to be incorporated herein.

About GLOBALFOUNDRIES

GLOBALFOUNDRIES is a leading specialty foundry delivering truly differentiated semiconductor technologies for a range of high-growth markets. GLOBALFOUNDRIES provides a unique combination of design, development, and fabrication services, with a range of innovative IP and feature-rich offerings including FinFET, FD^X[™], RF and analog mixed signal. With a manufacturing footprint spanning three continents, GF has the flexibility and agility to meet the dynamic needs of clients across the globe.

ON Semiconductor and GLOBALFOUNDRIES Partner to Transfer Ownership of East Fishkill, NY 300mm Facility

Cautions regarding Forward-Looking Statements

This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to statements related to the consummation and benefits of the acquisition by ON Semiconductor of the East Fishkill fab from GLOBALFOUNDRIES, including statements about 300mm wafer production, transfers of technology, the benefits of technology transfer and license agreements, anticipated optimization of manufacturing, and progress towards ON's previously announced financial model. These forward-looking statements are based on information available to ON Semiconductor as of the date of this release and current expectations, forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. In particular, such risks and uncertainties include, but are not limited to the risk that one or more closing conditions to the transaction may not be satisfied or waived, on a timely basis or otherwise, and the risk that the transaction does not close when anticipated, or at all, including the risk that the requisite regulatory approvals may not be obtained. Information concerning additional factors that could cause results to differ materially from those projected in the forward-looking statements is contained in ON Semiconductor's Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other of ON Semiconductor's filings with the Securities and Exchange Commission. These forward-looking statements are as of the date hereof and should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, except as may be required by law. For additional information, visit ON Semiconductor's corporate website, www.onsemi.com, or for official filings visit the SEC website, www.sec.gov.

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ON Semiconductor and GLOBALFOUNDRIES Partner to Transfer Ownership of East Fishkill, NY 300mm Facility

**PLANNED ACQUISITION OF 300MM EAST
FISHKILL, NY FAB FROM GLOBALFOUNDRIES
APRIL 22, 2019**



SAFE HARBOR STATEMENT

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to statements related to the consummation and benefits of the acquisition by ON Semiconductor of the East Fishkill fab from GLOBALFOUNDRIES, including statements about 300mm wafer production, transfers of technology, the benefits of technology transfer and license agreements, anticipated optimization of manufacturing, and progress towards ON's previously announced financial model. These forward-looking statements are based on information available to ON Semiconductor as of the date of this presentation and current expectations, forecasts and assumptions and involve a number of risks and uncertainties that could cause actual results to differ materially from those anticipated by these forward-looking statements. Such risks and uncertainties include a variety of factors, some of which are beyond our control. In particular, such risks and uncertainties include, but are not limited to the risk that one or more closing conditions to the transaction may not be satisfied or waived, on a timely basis or otherwise, and the risk that the transaction does not close when anticipated, or at all, including the risk that the requisite regulatory approvals may not be obtained. Additional factors that could affect our future results or events are described under Part I, Item 1A "Risk Factors" in our 2018 Annual Report on Form 10-K filed with the SEC on February 20, 2019 (our "2018 Form 10-K") and from time-to-time in our other SEC reports. Readers are cautioned not to place undue reliance on forward-looking statements. We assume no obligation to update such information, except as may be required by law. You should carefully consider the trends, risks, and uncertainties described in this presentation, our 2018 Form 10-K, and other reports filed with or furnished to the SEC 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. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this cautionary statement.



STRATEGIC RATIONALE

Attractive deal structure

- Allows ON Semiconductor to increase loadings in the fab in a measured manner
- Reduces risk of underutilization burden on income statement

Accelerates progress towards target financial model

- Highly competitive manufacturing cost structure
- 300mm wafer production expected to start in 2020
- Enables efficiencies by moving products within existing fab network

Significant value creation

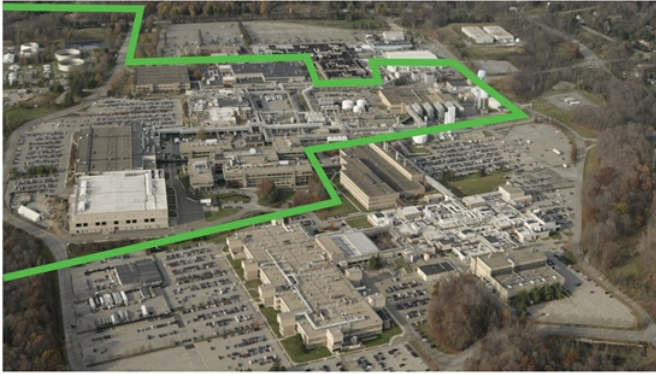
- Expected savings of \$1 billion in capital expenditures over next several years – capital intensity to decline to 6 to 7 percent
- Approximately one third the cost of a new 300mm fab of similar capacity
- Similar 200mm capacity would have cost approximately \$1.5 - \$1.7 billion

Capacity for growth

- Adds \$2.2B of incremental revenue capacity to support growth for next several years in power and analog semiconductor products
- ON Semiconductor expects to fully utilize the fab in next five to six years



300MM FAB ADDITION WILL ADD SIGNIFICANT CAPACITY



Summary of key facts

- **Location: East Fishkill, NY**
- **Acquired from GLOBALFOUNDRIES**
- **Agreement allows for optimal ramp of capacity by ON Semiconductor while GLOBALFOUNDRIES ramps down**

BUILDING SPACE	212k sqft of fab clean room and 70k sqft of backend clean room space
TOTAL EXPECTED INVESTMENT	\$700m (Includes total purchase price of \$430m) over several years
REVENUE POTENTIAL	\$2.2 billion per year
START OF ON'S PRODUCTION	2020
FULL FAB OWNERSHIP	End of 2022
LICENSES	License to 45nm & 65nm CMOS processes
PRODUCTS/TECHNOLOGIES	Mid & high Voltage Power MOSFETs, Trench IGBTs, Analog, BCD



TRANSACTION SUMMARY

PURCHASE PRICE	\$430M Total Consideration (\$100M at signing, followed by \$330M at end of 2022)
EXPECTED CAPEX SAVINGS	Approximately \$1B over several years
EXPECTED FINANCIAL IMPACT	Accelerates progress towards target model
FINANCING	Cash on hand and revolving line of credit
OTHER	Subject to customary closing conditions, including regulatory approval



ANTICIPATED DEAL TIMELINE

Q2 2019	ON Semiconductor and GLOBALFOUNDRIES sign definitive agreement for ON Semiconductor to Acquire 300mm East Fishkill fab
2020	GLOBALFOUNDRIES to manufacture wafers for ON Semiconductor – ON Semiconductor begins production ramp while GLOBALFOUNDRIES begins to ramp down
2022	ON Semiconductor closes transaction and owns the fab at the end of 2022 – ON Semiconductor to manufacture wafers for GLOBALFOUNDRIES
2025	ON Semiconductor will manufacture wafers for GLOBALFOUNDRIES through as long as 2025

